

**SCHOOL DISTRICT OF THE
BOROUGH OF PALISADES PARK
COUNTY OF BERGEN, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

School District
of the

Borough of Palisades Park

BOROUGH OF PALISADES PARK BOARD OF EDUCATION
Palisades Park, New Jersey

Comprehensive Annual Financial Report
Year Ended June 30, 2014

Comprehensive Annual Financial Report

of the

**BOROUGH OF PALISADES PARK
BOARD OF EDUCATION
Palisades Park, New Jersey**

Year Ended June 30, 2014

Prepared by

**Borough of Palisades Park Board of Education
Finance Department**

OUTLINE OF CAFR

INTRODUCTORY SECTION

Letter of Transmittal	1
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

FINANCIAL SECTION

Independent Auditor's Report	9
Required Supplementary Information - Part I	
Management's Discussion and Analysis	13

BASIC FINANCIAL STATEMENTS

A. District-wide Financial Statements:

A-1 Statement of Net Position	25
A-2 Statement of Activities	26

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	27
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	28
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29

Proprietary Funds:

B-4 Statement of Net Position	30
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	31
B-6 Statement of Cash Flows	32

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position	33
B-8 Statement of Changes in Fiduciary Net Position	34

Notes to the Financial Statements	35
---	----

Required Supplementary Information - Part II

OUTLINE OF CAFR

C. Budgetary Comparison Schedules:

C-1	Budgetary Comparison Schedule - General Fund	59
C-1a	Not Applicable	
C-2	Budgetary Comparison Schedule - Special Revenue Fund	63

Notes to the Required Supplementary Information

C-3	Budgetary Comparison Schedule	64
-----	-------------------------------------	----

Other Supplementary Information

D. School Level Schedules:

Not Applicable

E. Special Revenue Fund:

E-1	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	65
E-1a	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	66
E-1b	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	67
E-2	Not Applicable	
E-3	Not Applicable	
E-4	Not Applicable	
E-5	Not Applicable	
E-6	Not Applicable	

F. Capital Projects Fund:

F-1	Summary of Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	68
F-1a	Summary Schedule of Revenues, Expenditures, Project Balances and Project Status - Budgetary Basis (1997 School Renovation Project)	69
F-1b	Schedule of Project Revenues, Expenditures, Project Balances and Project Status - Budgetary Basis (Jr./Sr. High School Roof Replacement)	70
F-1c	Schedule of Project Revenues, Expenditures, Project Balances and Project Status - Budgetary Basis (Early Education Center)	71
F-1d	Schedule of Project Revenues, Expenditures, Project Balances and Project Status - Budgetary Basis (Board Office Conversion to Classrooms)	72
F-1e	Schedule of Project Revenues, Expenditures, Project Balances and Project Status - Budgetary Basis (Lindbergh School Facade Project)	73
F-1f	Schedule of Project Revenues, Expenditures, Project Balances and Project Status - Budgetary Basis (Early Childhood Center Classroom Renovations)	74
F-2	Summary Statement of Project Expenditures	75

OUTLINE OF CAFR

G. Proprietary Funds:

Enterprise Fund:

G-1	Combining Statement of Net Position	76
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	77
G-3	Combining Statement of Cash Flows	78

Internal Service Fund:

Not Applicable

H. Fiduciary Funds:

H-1	Combining Statement of Fiduciary Net Position	79
H-2	Combining Statement of Changes in Fiduciary Net Position	80
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	81
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	82

I. Long-Term Debt:

I-1	N/A	
I-2	Statement of Obligations under Bonds and Loans Payable	83
I-3	N/A	
I-4	Statement of Obligations under Capital Leases	84
I-5	Budgetary Comparison Schedule - Debt Service Fund	85

J. Statistical Section (Unaudited)

Financial Trends

J-1	Net Position by Component	86
J-2	Changes in Net Position	87
J-3	Fund Balances - Governmental Funds	89
J-4	Changes in Fund Balances - Governmental Funds	90
J-5	General Fund Other Local Revenue by Source	92

Revenue Capacity

J-6	Assessed Value and Actual Value of Taxable Property	93
J-7	Direct and Overlapping Property Tax Rates	94
J-8	Principal Property Taxpayers	95
J-9	Property Tax Levies and Collections	96

OUTLINE OF CAFR

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	97
J-11	Ratios of Net General Bonded Debt Outstanding	98
J-12	Ratios of Overlapping Governmental Activities Debt	99
J-13	Legal Debt Margin Information	100

Demographic and Economic Information

J-14	Demographic and Economic Statistics	101
J-15	Principal Employers	102

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	103
J-17	Operating Statistics	104
J-18	School Building Information	105
J-19	Schedule of Required Maintenance Expenditures by School Facilities	106
J-20	Insurance Schedule	107

K. SINGLE AUDIT SECTION

K-1	Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards	108
K-2	Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal and State Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and N.J. OMB Circular Letter 04-04	110
K-3	Schedule of Expenditures of Federal Awards	113
K-4	Schedule of Expenditures of State Awards	114
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	115
K-6	Schedule of Findings and Questioned Costs	117
K-7	Summary Schedule of Prior Audit Findings	119

INTRODUCTORY SECTION

*Palisades Park Public Schools
410 Second Street
Palisades Park, N.J. 07650
jcirillo@palpkschools.org*

*Mr. Joseph Cirillo
Superintendent of Schools*

*TEL: 201-947-3550
FAX: 201-585-9214*

October 24, 2014

*Honorable President and
Members of the Board of Education
Palisades Park School District
Palisades Park, New Jersey 07650*

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Palisades Park School District for the fiscal year ended June 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in four (4) sections: Introductory, Financial, Statistical and Single Audit.

The Introductory Section includes this transmittal letter, the District's Organizational Chart and a list of Principal Officers.

The Financial Section includes the general purpose financial statements and schedules, as well as the auditor's report thereon.

The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-144, "Audits of State and Local Governments". And the State of Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with appliance laws and the single audit section of this report.

- 1.) **Reporting Entity and its Services:** The Palisades Park School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Palisades Park Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Kindergarten through 12. These include regular, vocational, as well as special education for students with special needs. The District completed the school year with an enrollment of students, which is more than the previous year's enrollment. The following chart details the changes in student enrollment over the last five (5) years:

AVERAGE DAILY ENROLLMENT

<u>FISCAL YEAR</u>	<u>STUDENT ENROLLMENT</u>	<u>PERCENTAGE CHANGE</u>
2008-2009	1,440	(2.0%)
2009-2010	1,494	4.0%
2010-2011	1,601	7.16%
2012-2013	1,609	0.9%
2013-2014	1,614	.31%

- 2.) **Economic Conditions and Outlook:** Within the last five (5) years the population of the District has shifted from predominately English speaking students to a student population comprised of 46% Asian students, 33% Hispanic, 19% English-speaking, and 2% Others. The local population continues to grow mostly from overseas arrivals adding a strain to the school system's Bilingual, ESL, and Special Education programs.

3.) Major Initiative: While standardized test scores continue to improve and students are excelling, these are not the only measure of a successful school district. The family atmosphere found in the District creates a nurturing environment for our diverse population, enabling students to flourish emotionally and socially. The entire educational program is also enhanced by the quality relationships that exist between the students, staff and parents.

4.) Internal Accounting Controls: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonably, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial aid, the District also is responsible for ensuring that an adequate internal control structure is in place to guarantee compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5.) Budgetary Controls: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are accounted for in the capital projects fund. The final budget amount amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriations of a fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reserves of a fund balance as of June 30, 2014.

6.) Accounting System and Reports: *The School District has prepared financial statements following GASB Statement 34, 'Basic Financial Statements and Management Discussion and Analysis for State and Local Governments'. GASB 34 creates new basic financial statements for reporting on the School District's financial activities as follows:*

District-Wide Financial Statements: *These statements are prepared on a accrual basis of accounting, which is similar to the basis of accounting followed by many businesses. The district-wide statements distinguish between those activities of the school district that are governmental and those that are considered business type activities.*

Fund Financial Statements: *These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.*

Statements of Budgetary Comparison: *These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.*

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis for the School District. This discussion is located in the financial section of this report following the audit opinion and provides an assessment of the school district's finances for 2013/14 and a discussion of current issues that affect the outlook for the future.

7.) Cash Management: *The investment policy of the District is guided in large part State statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.*

8.) **Risk Management:** The Board carries various forms of insurances, including but not limited to General Liability, Auto Coverage, Property & Building, Theft, Boiler & Machinery, Excess Liability and Fidelity Bonds.

9.) **Other Information:** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkottz, Cerullo & Cuva, P.A. was selected by the Board.

In addition to meeting the requirements as set forth in State statutes, the audit also was designed to meet the requirements of OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB.

The auditor's report on the general purpose financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10.) **Acknowledgements:** We would like to express our appreciation to the members of the Palisades park Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

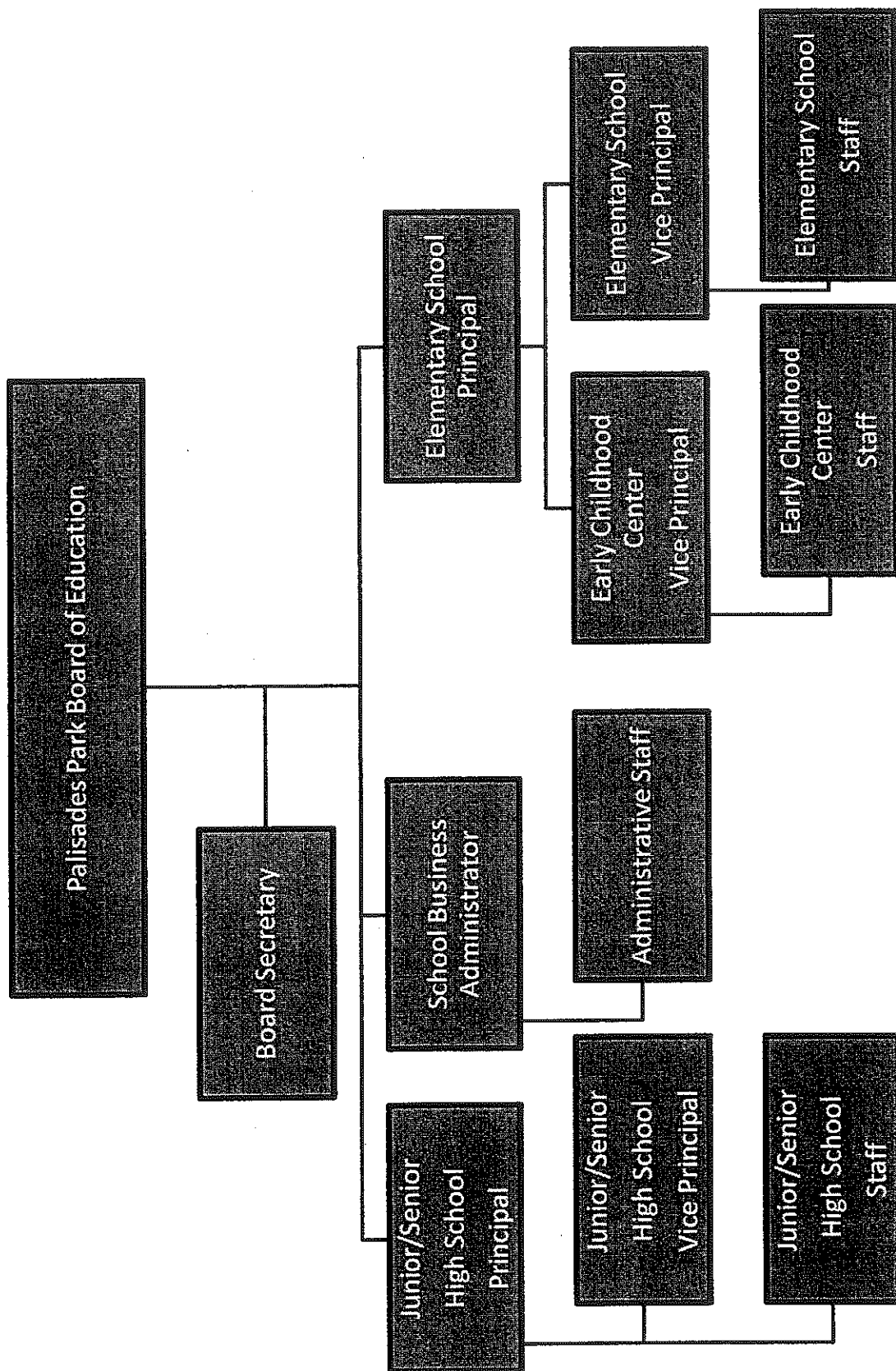
Respectfully Submitted,



Joseph Cirillo
Superintendent of Schools



Eulalia Gillis
Business Administrator



PALISADES PARK BOARD OF EDUCATION
ROSTER OF OFFICIALS - JUNE 30, 2014

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
<i>John Mattessich, President</i>	2016
<i>Jeffrey Woo, Vice-President</i>	2017
<i>Maria Alvarez</i>	2017
<i>George Beck, Jr.</i>	2016
<i>Kenneth Bruno</i>	2015
<i>Angela Burns</i>	2016
<i>Howard Donovan</i>	2017
<i>Chong (Paul) Kim</i>	2015
<i>James Ring</i>	2015

OTHER OFFICIALS

Joseph Cirillo, Superintendent of Schools
Eulalia Gillis, Business Administrator
Diane Montemurro, Board Secretary
Richard A. Brovarone, Board Attorney

**Palisades Park Board of Education
Consultants and Advisors**

Architects/Engineers

*HARSEN & JOHNS, architects, P.A.
150 Madison Avenue
Morristown, New Jersey 07960*

*Mount Vernon Group Architects
24 Commerce Street
Newark, New Jersey 07102*

Audit Firm

*Ferraioli, Wielkottz, Cerullo & Cuva, P.A.
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442*

Legal Counsel

*Richard A. Brovarone, Esq.
14 Route 4 West
River Edge, New Jersey 07661*

Bond Counsel

*Rogut McCarthy PC
37 Alden Street
Cranford, New Jersey 07016*

Official Depositories

*PNC Bank
264 Broad Avenue
Palisades Park, New Jersey 07650*

*Bank of New Jersey
204 Main Street
Fort Lee, New Jersey 07024*

FINANCIAL SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Palisades Park School District
County of Bergen, New Jersey
Palisades Park, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Palisades Park School District, in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



Honorable President and
Members of the Board of Education
Page 2.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Palisades Park Board of Education, in the County of Bergen, State of New Jersey, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Honorable President and
Members of the Board of Education
Page 3.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Palisades Park Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2014 on our consideration of the Borough of Palisades Park Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report



Honorable President and
Members of the Board of Education
Page 4.

is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Palisades Park Board of Education's internal control over financial reporting and compliance.



Steven D. Wielkottz
Licensed Public School Accountant
No. CS00816



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 24, 2014



**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK , NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED**

The discussion and analysis of the Palisades Park Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District's revenues and expenditures by program for the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service Fund and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net position decreased by \$1,849,982. Net position of governmental activities decreased by \$1,916,417 and net position of business-type activity increased by \$66,435.
- General revenues accounted for \$24,208,594 in revenue or 93 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,820,737 or 7 percent of total revenues of \$26,029,331.
- The School District had \$27,100,371 in expenses related to governmental activities; only \$975,368 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$24,208,586 were adequate to provide for these programs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (district-wide statements), and then proceed to provide an increasingly detailed look at specified financial activities.

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

District-Wide Financial Statements

The *statement of net position and statement of activities* reports information about the District as a whole and about its activities in a manner that helps answer the question, "Is the District better or worse off as a result of the year's activities?" These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

Both of the district-wide financial statements distinguish functions of the Palisades Park Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

In the *Statement of Net Position and the Statement of Activities*, the District is divided into two distinct kinds of activities:

- Governmental Activities – All of the school district's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity – This service is provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The Food Service Enterprise and After School Child Care funds are reported as business activities.

The two statements report the District's net position and changes in them. The change in net position can be utilized by a reader to assist in determining whether the District's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District's overall financial health.

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Palisades Park Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the district's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities* (reported in the Statement of Net Position and the Statement of Activities).

The Palisades Park Board of Education maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general, special revenue, capital projects and debt service funds, which are considered to be major funds.

The Palisades Park Board of Education adopts annual appropriated budgets for its governmental funds. A budgetary comparison statement has been provided for the general fund, special revenue fund and debt service fund to demonstrate compliance with their budgets.

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements, therefore the statements will essentially match the business-type activities portion of the district-wide statements. The Palisades Park Board of Education uses proprietary funds to account for its food service program and after school child care program.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Positions provides the perspective of the District as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The School District's net positions were \$14,409,277 at June 30, 2014 and \$16,259,259 at June 30, 2013. Restricted items of net positions are reported separately to show legal constraints that limit the School District's ability to use those items for day-to-day operations. Our analysis below focuses on the net position for 2014 compared to 2013 (Table 1) and change in net position (Table 2) of the School District.

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 1

Net Position
June 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets						
Current and Other Assets	1,959,120	1,968,294	287,256	216,384	2,246,376	2,184,678
Capital Assets	<u>17,497,923</u>	<u>17,398,124</u>	<u>45,910</u>	<u>49,093</u>	<u>17,543,833</u>	<u>17,447,217</u>
Total Assets	<u>19,457,043</u>	<u>19,366,418</u>	<u>333,166</u>	<u>265,477</u>	<u>19,790,209</u>	<u>19,631,895</u>
Liabilities						
Other Liabilities	712,452	212,483	7,537	6,283	719,989	218,766
Noncurrent Liabilities	<u>4,660,943</u>	<u>3,153,870</u>	—	—	<u>4,660,943</u>	<u>3,153,870</u>
Total Liabilities	<u>5,373,395</u>	<u>3,366,353</u>	<u>7,537</u>	<u>6,283</u>	<u>5,380,932</u>	<u>3,372,636</u>
Net Position						
Net Investment in Capital						
Assets	16,613,576	16,029,450	45,910	49,093	16,659,486	16,078,543
Restricted	1,479,824	1,450,132	—	—	1,479,824	1,450,132
Unrestricted	<u>(4,009,752)</u>	<u>(1,479,517)</u>	<u>279,719</u>	<u>210,101</u>	<u>(3,730,033)</u>	<u>(1,269,416)</u>
Total Net Position	<u>14,083,648</u>	<u>16,000,065</u>	<u>325,629</u>	<u>259,194</u>	<u>14,409,277</u>	<u>16,259,259</u>

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net position for fiscal year 2014 compared to 2013.

**Table 2
Changes in Net Position
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues						
Program Revenues:						
Charges for Services and						
Sales			477,373	441,859	477,373	441,859
Operating Grants and						
Contributions	975,368	932,275	367,996	364,346	1,343,364	1,296,621
General Revenues:						
Taxes:						
Property taxes, levied	19,533,309	19,330,621			19,533,309	19,330,621
for general purposes						
Property taxes levied						
for debt service	752,448	557,377			752,448	557,377
Federal and State Aid not						
Restricted	3,836,595	4,245,345			3,836,595	4,245,345
Miscellaneous Income	85,076	140,770			85,076	140,770
Investment Earnings	<u>1,158</u>	<u>1,513</u>	<u>8</u>	<u>171</u>	<u>1,166</u>	<u>1,684</u>
Total Revenues and Transfers	<u>25,183,954</u>	<u>25,207,901</u>	<u>845,377</u>	<u>806,376</u>	<u>26,029,331</u>	<u>26,014,277</u>

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Functions/Program Expenses						
Instruction:						
Regular	10,861,600	10,965,082			10,861,600	10,965,082
Special Instruction	2,271,235	2,349,262			2,271,235	2,349,262
Other Special Instruction	987,753	1,130,595			987,753	1,130,595
Other Instruction	435,634	463,745			435,634	463,745
Support Services:						
Tuition	1,083,590	1,125,426			1,083,590	1,125,426
Student & Instruction						
Related Services	2,131,185	1,911,931			2,131,185	1,911,931
School Administrative						
Services	1,241,805	1,292,560			1,241,805	1,292,560
General Administrative						
Services	707,186	620,596			707,186	620,596
Central Services	390,943	424,693			390,943	424,693
Plant Operations and						
Maintenance	1,744,208	1,878,796			1,744,208	1,878,796
Pupil Transportation	305,563	305,943			305,563	305,943
Unallocated Benefits	4,558,274	2,179,899			4,558,274	2,179,899
Transfer of Funds to Charter						
Schools	50,333	28,679			50,333	28,679
Capital Outlay - Non-						
Depreciable	15,455	18,094			15,455	18,094
Debt Service:						
Interest and Other Charges	37,860	74,445			37,860	74,445
Unallocated Depreciation	277,747	246,553			277,747	246,553
Food Service			696,434	685,672		685,672
After School Child Care			82,508	84,307		84,307
Total Expenses and Transfers	<u>27,100,371</u>	<u>25,016,299</u>	<u>778,942</u>	<u>769,979</u>	<u>27,879,313</u>	<u>25,786,278</u>
Increase or (Decrease) in						
Net Position	<u>(1,916,417)</u>	<u>191,602</u>	<u>66,435</u>	<u>36,397</u>	<u>(1,849,982)</u>	<u>227,999</u>

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business- Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$27,879,313. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$20,285,757 because some of the cost was paid by those who benefitted from the programs \$477,373 by other governments and organizations who subsidized certain programs with grants and contributions \$5,179,959, and by miscellaneous sources \$86,242.

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state subsidy reimbursements. Significant financial results include the following:

- ✓ Food service revenues exceeded expenses by \$13,302.
- ✓ After school child care revenues exceeded expenses by \$53,133.
- ✓ Charges for services provided totaled \$477,373. This represents amounts paid by consumers for daily food services and after school child care.
- ✓ Federal and state reimbursement for meals served, including payments for free and reduced priced lunches, and donated commodities was \$367,996.

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund and the special revenue fund.

During the fiscal year ended June 30, 2014, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditures item to the district but is required to be reflected in the financial statements.

General Fund

The general fund actual revenue was \$23,465,954. That amount is \$1,965,738 above the final amended budget of \$21,500,216. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$1,922,895 for TPAF social security reimbursements and on-behalf pension payments, \$(3,391) of anticipated extraordinary aid and \$46,234 of various unanticipated revenues.

The actual expenditures of the general fund were \$23,599,314, including transfers which is \$1,194,514 above the final amended budget of \$22,404,800. The variance between the actual expenditures and final budget was due to non-budgeted on-behalf TPAF social security and pension payments of \$1,922,895 and \$728,381 of unexpended budgeted funds.

The General fund had total revenues of \$23,465,954 and total expenditures including transfers of \$23,599,314 with an ending fund balance of \$1,938,448 on the budgetary basis.

Special Revenue Fund

The special revenue fund actual revenue was \$975,368. That amount is above the original budget estimate of \$774,626 and below the final amended budget of \$1,045,697. The \$271,071 variance between the original and final budget was due to additional federal and state grant monies awarded to the District after the original budget was approved. The \$70,329 variance between the final amended budget and the June 30, 2014 actual results was due to the deferral of Federal and State grants received in the current fiscal year to be spent in the next fiscal year and non-public aid due back to the State of New Jersey.

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

Special Revenue Fund, (continued)

The actual expenditures of the special revenue fund were \$975,368, which is above the original budget of \$774,626 and below the final amended budget of \$1,045,697. The \$271,071 variance between the original and final budget was due to additional expenditures related to the additional grants awarded to the District after the original budget was approved. The \$70,329 variance between the final amended budget and the June 30, 2014 actual results was due to the anticipation of fully expending federal and state grant programs and non-public aid due back to the State of New Jersey.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2014 the School District had \$25,217,355 invested in land, buildings and building improvements, machinery and equipment and construction in progress. Of this amount, \$7,673,522 in depreciation has been taken over the years. We currently have a net book value of \$17,543,833. Total depreciable additions for the year were \$426,604 which consisted mainly of various building and land improvements and instructional equipment purchases. Table 3 shows fiscal year 2014 balances compared to 2013.

**Table 3
Capital Assets at June 30,
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	9,613,650	9,613,650			9,613,650	9,613,650
Land Improvements	120,993	125,859			120,993	125,859
Construction in Progress		227,511			0	227,511
Buildings and Improvements	7,631,780	7,280,775	44,290	47,242	7,676,070	7,328,017
Furniture, Equipment and Vehicles	131,500	150,329	1,620	1,851	133,120	152,180
	<u>17,497,923</u>	<u>17,398,124</u>	<u>45,910</u>	<u>49,093</u>	<u>17,543,833</u>	<u>17,447,217</u>

**PALISADES PARK BOARD OF EDUCATION
PALISADES PARK, NJ**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED (CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION, (continued)

Debt Administration

At June 30, 2014, the District had \$5,164,171 in long term debt. Of this amount, \$3,562,824 is for compensated absences, \$884,347 is for certificates of participation used to finance the construction of additions and renovations of the existing school buildings, and \$717,000 is for refunding serial bonds to fund the District's unfunded pension liability with the State of New Jersey. For more detailed information, please refer to the Notes to the Financial Statements

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The economy in the State of New Jersey is slowly improving. The current State of New Jersey revenue estimates have increased to the point that the legislature and governor have approved a State Aid funding bill for the 2014-2015 school year that is slightly higher than the level of the 2013-2014 school year.

The following factors were considered in preparing the 2014-2015 fiscal year budget:

- Estimated Student Enrollment
- Sources of revenue
- Cost of negotiated salaries and benefits
- Cost of fixed charges
- Mandated Programs
- Requirements for health and safety issues

Prior to the end of fiscal 2004, S1701 was enacted. The law is meant to control public school district budgets by revising the calculation of budget caps and reducing surplus. Starting in 2005-06 the CAP will be set at 2.5% or the cost of living, whichever is greater. A number of other changes will affect the calculation of SGLA's and per pupil administrative costs. Any undesignated general fund balance in excess of 2% or \$250,000, whichever is greater must be appropriated for tax relief.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Palisades Park Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Eulalia Gillis
School Business Administrator
Palisades Park Board of Education
270 First Street
Palisades Park, New Jersey 07407

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

PALISADES PARK BOARD OF EDUCATION

Statement of Net Position

June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	1,090,722	212,876	1,303,598
Receivables, net	278,605	65,114	343,719
Internal balances	(870)	870	-
Inventory		8,396	8,396
Restricted assets:			
Capital reserve account - cash	590,663		590,663
Capital assets:			
Land and construction in progress	9,613,650		9,613,650
Other Capital assets, net	7,884,273	45,910	7,930,183
Total Assets	<u>19,457,043</u>	<u>333,166</u>	<u>19,790,209</u>
LIABILITIES			
Accounts payable and accrued liabilities	166,305	7,537	173,842
Payable to federal government	34,140		34,140
Payable to state government	8,779		8,779
Noncurrent liabilities:			
Due within one year	503,228		503,228
Due beyond one year	4,660,943		4,660,943
Total liabilities	<u>5,373,395</u>	<u>7,537</u>	<u>5,380,932</u>
NET POSITION			
Net Investment in Capital Assets	16,613,576	45,910	16,659,486
Restricted for:			
Debt service	(65,891)		(65,891)
Capital projects	631,458		631,458
Other purposes	914,257		914,257
Unrestricted (Deficit)	<u>(4,009,752)</u>	<u>279,719</u>	<u>(3,730,033)</u>
Total net position	<u>14,083,648</u>	<u>325,629</u>	<u>14,409,277</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

PALISADES PARK BOARD OF EDUCATION
Statement of Activities
Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	8,894,752	1,966,848		686,679		(10,174,921)		(10,174,921)
Special education	1,801,695	469,540				(2,271,235)		(2,271,235)
Other special instruction	785,828	201,925				(987,753)		(987,753)
Other instruction	368,463	67,171				(435,634)		(435,634)
Support services:								
Tuition	1,083,590					(1,083,590)		(1,083,590)
Attendance & Social Work	1,750	460				(2,210)		(2,210)
Health Services	233,023	57,550				(290,573)		(290,573)
Student & instruction related services	1,579,648	258,754		286,464		(1,551,938)		(1,551,938)
School administrative services	986,468	255,337				(1,241,805)		(1,241,805)
General administrative services	663,021	44,165				(707,186)		(707,186)
Central Services	318,668	72,275				(390,943)		(390,943)
Plant operations and maintenance	1,517,772	226,436				(1,744,208)		(1,744,208)
Pupil transportation	305,563					(305,563)		(305,563)
Unallocated benefits	4,558,274					(4,558,274)		(4,558,274)
Transfer to Charter Schools	50,333					(50,333)		(50,333)
Capital outlay - non-depreciable	15,455			2,225		(13,230)		(13,230)
Interest on long term debt	37,860					(37,860)		(37,860)
Unallocated depreciation	277,747					(277,747)		(277,747)
Total governmental activities	23,479,910	3,620,461	-	975,368	-	(26,125,003)	-	(26,125,003)
Business-type activities:								
Food Service	696,434		341,732	367,996	-		13,294	13,294
After School Child Care	82,508		135,641				53,133	53,133
Total business-type activities	778,942		477,373	367,996	-		66,427	66,427
Total primary government	24,258,852		477,373	1,343,364	-	(26,125,003)	66,427	(26,058,576)
General revenues:								
Taxes:								
Property taxes, levied for general purposes								
Taxes levied for debt service								
Federal and State aid not restricted								
Investment Earnings								
Miscellaneous Income								
Total general revenues, special items, extraordinary items and transfers								
Change in Net Position								
Net Position—beginning								
Net Position—ending								

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

PALISADES PARK BOARD OF EDUCATION

Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	1,115,241		41,372		1,156,613
Accounts Receivable -					
Intergovernmental - State	133,847				133,847
Intergovernmental - Federal		144,758			144,758
Interfund receivables	7,543				7,543
Restricted cash and cash equivalents	590,663				590,663
Total assets	1,847,294	144,758	41,372	-	2,033,424
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash overdraft				65,891	65,891
Accounts payable	67,215	94,873			162,088
Intergovernmental accounts payable:					
State		8,202	577		8,779
Federal		34,140			34,140
Interfund payables	870	7,543			8,413
Total liabilities	68,085	144,758	577	65,891	279,311
Fund Balances:					
Restricted for:					
Excess Surplus - current year	326,588				326,588
Excess Surplus - prior year - designated for subsequent year's expenditures	244,359				244,359
Capital reserve	590,663				590,663
Assigned to:					
Year End Encumbrances	301,366				301,366
Debt service				(65,891)	(65,891)
Designated by the Board of Education for Subsequent year's expenditures	41,944				41,944
Capital projects			40,795		40,795
Unassigned:					
General fund	274,289				274,289
Total Fund balances	1,779,209	-	40,795	(65,891)	1,754,113
Total liabilities and fund balances	1,847,294	144,758	41,372	-	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$25,049,504 and the accumulated depreciation is \$7,551,581.	17,497,923
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds	(4,217)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds	(5,164,171)
Net position of governmental activities	14,083,648

The accompanying Notes to Financial Statements are an integral part of this statement.

PALISADES PARK BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local sources:					
Local tax levy	19,533,309			752,448	20,285,757
Interest Earned on Capital Reserve Funds	1,158				1,158
Miscellaneous	85,076				85,076
Total - Local Sources	19,619,543	-	-	752,448	20,371,991
State sources	3,836,595	165,475			4,002,070
Federal sources	-	809,893			809,893
Total revenues	23,456,138	975,368	-	752,448	25,183,954
EXPENDITURES					
Current:					
Regular instruction	8,208,073	686,679			8,894,752
Special education instruction	1,801,695				1,801,695
Other special instruction	785,828				785,828
School sponsored/other instructional	368,463				368,463
Support services and undistributed costs:					
Tuition	1,083,590				1,083,590
Attendance & Social Work	1,750				1,750
Health services	233,023				233,023
Student & instruction related services	1,293,184	286,464			1,579,648
School administrative services	986,468				986,468
General administrative services	663,021				663,021
Central services	318,668				318,668
Plant operations and maintenance	1,517,772				1,517,772
Pupil transportation	305,563				305,563
Unallocated benefits	3,619,154				3,619,154
On-behalf contributions	1,922,895				1,922,895
Debt Service:					
Principal				577,327	577,327
Interest and other charges				61,902	61,902
Transfer to Charter Schools	50,333				50,333
Capital outlay	56,204	2,225	383,630		442,059
Total expenditures	23,215,684	975,368	383,630	639,229	25,213,911
Excess (Deficiency) of revenues over expenditures	240,454	-	(383,630)	113,219	(29,957)
OTHER FINANCING SOURCES (USES)					
Capital Reserve - Transfer to Capital Projects Fund	(383,630)		383,630		-
Total other financing sources and uses	(383,630)	-	383,630	-	-
Net change in fund balances	(143,176)	-	-	113,219	(29,957)
Fund balance—July 1	1,922,385	-	40,795	(179,110)	1,784,070
Fund balance—June 30	1,779,209	-	40,795	(65,891)	1,754,113

The accompanying Notes to Financial Statements are an integral part of this statement.

PALISADES PARK BOARD OF EDUCATION
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Fiscal Year Ended June 30, 2014

Total net change in fund balances - governmental funds (from B-2) (29,957)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation expense	(326,805)
	Non-Depreciable Capital Outlays - Construction in Progress	
	Depreciable Capital outlays	426,604
		99,799

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

In the current year, these amounts consist of:

Principal Payments on Bond Obligations	93,000	
Principal Payments on Loan Obligations	57,110	
Principal Payments on Capital Leases	427,217	
		577,327

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an adjustment in the reconciliation.

Prior year		28,259
Current year		(4,217)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

	Increase in compensated absences payable	(2,587,628)
--	--	-------------

Change in net position of governmental activities

(1,916,417)

The accompanying Notes to Financial Statements are an integral part of this statement.

PALISADES PARK BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2014

	<u>Food Service Program</u>	<u>After School Child Care</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	49,931	162,945	212,876
Accounts receivable:			
State	2,125		2,125
Federal	62,989		62,989
Interfund	870		870
Inventories	8,396		8,396
Total current assets	<u>124,311</u>	<u>162,945</u>	<u>287,256</u>
Noncurrent assets:			
Capital assets:			
Equipment	108,801		108,801
Site Improvements	59,050		59,050
Less accumulated depreciation:			
Equipment	(107,181)		(107,181)
Site Improvements	<u>(14,760)</u>		<u>(14,760)</u>
Total capital assets (net of accumulated depreciation)	<u>45,910</u>	<u>-</u>	<u>45,910</u>
Total assets	<u><u>170,221</u></u>	<u><u>162,945</u></u>	<u><u>333,166</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	<u>7,537</u>		<u>7,537</u>
Total current liabilities	<u><u>7,537</u></u>	<u><u>-</u></u>	<u><u>7,537</u></u>
NET POSITION			
Net Investment in Capital Assets	45,910	-	45,910
Unrestricted	<u>116,774</u>	<u>162,945</u>	<u>279,719</u>
Total net position	<u><u>162,684</u></u>	<u><u>162,945</u></u>	<u><u>325,629</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

PALISADES PARK BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2014

	<u>Food Service Program</u>	<u>After School Child Care</u>	<u>Totals</u>
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	329,495		329,495
Daily sales - non-reimbursable programs	12,237		12,237
Tuition fees		135,641	135,641
Total operating revenues	<u>341,732</u>	<u>135,641</u>	<u>477,373</u>
Operating expenses:			
Cost of sales	300,167		300,167
Salaries	211,152	80,016	291,168
Supplies and materials	23,731	2,492	26,223
Employee benefits	79,340		79,340
Cleaning repair & maintenance	47,021		47,021
Purchased services	31,840		31,840
Depreciation	3,183		3,183
Total Operating Expenses	<u>696,434</u>	<u>82,508</u>	<u>778,942</u>
Operating income (loss)	<u>(354,702)</u>	<u>53,133</u>	<u>(301,569)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	8,810		8,810
Federal sources:			
National school lunch program	281,750		281,750
National school breakfast program	37,520		37,520
Food distribution program	39,916		39,916
Interest and investment revenue	8		8
Total nonoperating revenues (expenses)	<u>368,004</u>	<u>-</u>	<u>368,004</u>
Change in net position	13,302	53,133	66,435
Total net position—beginning	<u>149,382</u>	<u>109,812</u>	<u>259,194</u>
Total net position—ending	<u><u>162,684</u></u>	<u><u>162,945</u></u>	<u><u>325,629</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

PALISADES PARK BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2014

	Food Service Program	After School Child Care	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	341,732	135,641	477,373
Payments to employees		(80,016)	(80,016)
Payments to Outside Food Service Management Company	(609,354)		(609,354)
Payments for repairs, maintenance	(38,357)		(38,357)
Payments for supplies	-	(2,492)	(2,492)
Net cash provided by (used for) operating activities	<u>(305,979)</u>	<u>53,133</u>	<u>(252,846)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	7,161		7,161
Federal Sources	274,379		274,379
Net cash provided by (used for) non-capital financing activities	<u>281,540</u>	<u>-</u>	<u>281,540</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	8		8
Net cash provided by (used for) investing activities	<u>8</u>	<u>-</u>	<u>8</u>
Net increase (decrease) in cash and cash equivalents	(24,431)	53,133	28,702
Balances—beginning of year	74,362	109,812	184,174
Balances—end of year	<u>49,931</u>	<u>162,945</u>	<u>212,876</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(354,702)	53,133	(301,569)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and net amortization	3,183		3,183
Food Distribution Program	39,916		39,916
(Increase) decrease in inventories	4,369		4,369
(Increase) decrease in accounts payable	1,255		1,255
Total adjustments	<u>48,723</u>	<u>-</u>	<u>48,723</u>
Net cash provided by (used for) operating activities	<u>(305,979)</u>	<u>53,133</u>	<u>(252,846)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

PALISADES PARK BOARD OF EDUCATION
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	76,939	123,634
Interfund Receivable - Payroll Agency	1,435	
Total assets	<u>78,374</u>	<u>123,634</u>
LIABILITIES		
Payable to student groups		114,138
Payroll deductions and withholdings		8,061
Interfund Payable - Unemployment Compensation Trust		1,435
Total liabilities	<u>-</u>	<u>123,634</u>
NET POSITION		
Held in trust for unemployment claims and other purposes	<u>78,374</u>	

PALISADES PARK BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Fiscal Year Ended June 30, 2014

	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS	
Contributions:	
Employee Deductions	23,146
Total Contributions	<u>23,146</u>
Investment earnings:	
Interest	6
Net investment earnings	6
Total additions	<u>23,152</u>
DEDUCTIONS	
Unemployment claims	4,732
Total deductions	<u>4,732</u>
Change in net position	18,420
Net position—beginning of the year	59,954
Net position—end of the year	<u><u>78,374</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY:

The Board of Education ("Board") of the Borough of Palisades Park School District ("District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Palisades Park School District is a Type II district located in the County of Bergen, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-12. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization's board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Board of Education of the Borough of Palisades Park School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the board's accounting policies are described below.

A. Basis of Presentation:

The Board's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

A. Basis of Presentation: (continued)

District-wide Financial Statements:

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *government*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

GOVERNMENTAL FUNDS, (continued)

General Fund - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

PROPRIETARY FUNDS, (continued)

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service and After School Child Care Funds.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include Unemployment Compensation Insurance, Student Activities Fund and Payroll Agency Fund.

B. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

E. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

F. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

G. Tuition Revenues/Receivable:

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

H. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Short-Term Interfund Receivables/Payables:

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

L. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

M. Advanced Revenue:

Advanced revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Advanced revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

N. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

O. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

O. Fund Balances: (continued)

- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

P. Net Position:

Net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Q. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

R. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

S. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. TPAF on-behalf contributions and changes in compensated absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

T. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

U. Recent Accounting Pronouncements:

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, is not anticipated to have any impact on the District's financial reporting.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69, "Government Combinations and Disposals of Government Obligations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the District's financial reporting.

In November 2013, Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The impact of this statement on the net position of the entity is not presently determinable.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS:

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2014, \$-0- of the District's bank balance of \$3,023,469 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (continued)

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

NOTE 4. RECEIVABLES:

Receivables at June 30, 2014, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial <u>Statements</u>	Business-Type <u>Activities</u>	District Wide Financial <u>Statements</u>
State Aid	\$133,847	\$2,125	\$135,972
Federal Aid	144,758	62,989	207,747
Interfund Receivables	<u>7,543</u>	<u>870</u>	
Gross Receivables	286,148	65,984	343,719
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u>\$286,148</u>	<u>\$65,984</u>	<u>\$343,719</u>

NOTE 5. INTERFUND BALANCES AND ACTIVITY:

Interfund transfers for the year ended June 30, 2014 consisted of \$870 due from the General Fund to the Proprietary Fund for prior year subsidy reimbursement receipts not turned over.

Balances due to/from other funds at June 30, 2014, consist of the following:

\$870	Due from the General Fund to the Proprietary Fund for prior year subsidy reimbursement receipts not turned over.
7,543	Due to General Fund from the Special Revenue Fund to cover cash deficit.
<u>1,435</u>	Due to Unemployment Trust Fund from the Payroll Agency Fund for employee deductions not turned over.
<u>\$9,848</u>	

Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 6. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Balance 6/30/13	Additions	Deductions	Balance 6/30/14
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$9,613,650	\$	\$	\$9,613,650
Construction in progress	<u>227,511</u>	<u> </u>	<u>(227,511)</u>	<u> </u>
Total Capital Assets Not Being Depreciated	<u>9,841,161</u>	<u> </u>	<u> </u>	<u>9,613,650</u>
Land Improvements	149,451			149,451
Buildings and Improvements	13,465,381	623,886		14,089,267
Machinery and Equipment	<u>1,166,907</u>	<u>30,229</u>	<u> </u>	<u>1,197,136</u>
Totals at Historical Cost	<u>14,781,739</u>	<u>654,115</u>	<u> </u>	<u>15,435,854</u>
Less Accumulated Depreciation:				
Land Improvements	(23,592)	(4,866)		(28,458)
Buildings and Improvements	(6,184,606)	(272,881)		(6,457,487)
Machinery and Equipment	<u>(1,016,578)</u>	<u>(49,058)</u>	<u> </u>	<u>(1,065,636)</u>
Total Accumulated Depreciation	<u>(7,224,776)</u>	<u>(326,805)</u>	<u> </u>	<u>(7,551,581)</u>
Total Capital Assets Being Depreciated, Net of accumulated depreciation	<u>7,556,963</u>	<u>327,310</u>	<u> </u>	<u>7,884,273</u>
Governmental Activities Capital Assets, Net	<u>\$17,398,124</u>	<u>\$327,310</u>	<u>\$ </u>	<u>\$17,497,923</u>
Business-Type Activities				
Equipment	108,801			108,801
Site Improvements	<u>59,050</u>	<u> </u>	<u> </u>	<u>59,050</u>
Totals at Historical Cost	<u>167,851</u>	<u> </u>	<u> </u>	<u>167,851</u>
Less Accumulated Depreciation for:				
Equipment	(106,950)	(231)		(107,181)
Site Improvements	<u>(11,808)</u>	<u>(2,952)</u>	<u> </u>	<u>(14,760)</u>
Total Accumulated Depreciation	<u>(118,758)</u>	<u>(3,183)</u>	<u> </u>	<u>(121,941)</u>
Business-Type Activity Capital Assets, Net	<u>\$49,093</u>	<u>(\$3,183)</u>	<u>\$ </u>	<u>\$45,910</u>

Depreciation expense was not allocated to governmental functions. It appears on the Statement of Activities as "Unallocated Depreciation".

Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 6. CAPITAL ASSETS: (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction	\$16,374
Support Services:	
Instruction	7414
Student & instruction related services	2,951
School Administration	10,960
Plant Operations and Maintenance	11,359
Unallocated	<u>277,747</u>
	<u>\$326,805</u>

NOTE 7. LONG-TERM OBLIGATIONS:

Long-term liability activity for the year ended was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Long-term Portion</u>
Governmental Activities:						
Long-term Debt Obligations:						
General Loan Obligation Debt	\$57,110	\$	\$57,110	\$	\$	\$
General Bond Obligation Debt	<u>810,000</u>	<u> </u>	<u>93,000</u>	<u>717,000</u>	<u>93,000</u>	<u>624,000</u>
Total Bonds Payable	<u>867,110</u>	<u> </u>	<u>150,110</u>	<u>717,000</u>	<u>93,000</u>	<u>624,000</u>
Other Liabilities:						
Certificates of Participation	1,311,564		427,217	884,347	410,228	474,119
Compensated Absences Payable	<u>975,196</u>	<u>2,830,010*</u>	<u>242,382</u>	<u>3,562,824</u>	<u> </u>	<u>3,562,824</u>
Total Other Liabilities	<u>2,286,760</u>	<u>2,830,010</u>	<u>669,599</u>	<u>4,447,171</u>	<u>410,228</u>	<u>4,036,943</u>
	<u>\$3,153,870</u>	<u>\$2,830,010</u>	<u>\$819,709</u>	<u>\$5,164,171</u>	<u>\$503,228</u>	<u>\$4,660,943</u>

*The substantial increase in the value of compensated absences payable is due to incorrect per diem rate used in prior year liability calculations.

Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 7. LONG-TERM OBLIGATIONS: (continued)

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Outstanding bonds payable at June 30, 2014 consisted of the following:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	<u>Principal Balance June 30, 2014</u>
2012 School Refunding Bonds	05/17/2012	.43%-2.959%	03/15/2021	<u>\$717,000</u>

Principal and interest due on bonds outstanding is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$93,000	\$14,459	\$107,459
2016	95,000	13,680	108,680
2017	100,000	12,505	112,505
2018	102,000	10,868	112,868
2019	105,000	8,718	113,718
2020-2021	<u>222,000</u>	<u>9,586</u>	<u>231,586</u>
	<u>\$717,000</u>	<u>\$69,816</u>	<u>\$786,816</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2014 the Board has no authorized but not issued bonds.

C. Lease Purchase Agreements

On May 1, 2007, the Board of Education entered into a lease purchase agreement with All Points Public Funding, LLC to refinance the outstanding certificates of participation of \$1,305,000 originally issued in 1993 and \$1,840,000 originally issued in 1997. The Board, pursuant to satisfying all legal requirements for a lease purchase transaction set forth in N.J.S.A. 18A:20-4.2(f) and N.J.A.C. 6:22A-1.2, including the conducting of public hearings, the solicitation of proposals for an underwriter and a lessor, the adoption of resolutions

Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 7. LONG-TERM OBLIGATIONS: (continued)

approving a maximum funding level and endorsing the lease purchase financing and the receipt of approvals for the financing from the New Jersey Department of Education and the Local Finance Board in the Division of Local Government Services, New Jersey Department of Community Affairs; approved the final official statement for Certificates of Participation in the par amount of \$3,087,069.

	<u>5/1/07</u>
Construction	\$3,273,720
Costs of Issuance	<u>75,000</u>
	3,348,720
Accrued Interest	
Reserve Fund	(261,651)
Underwriter's Discount	
	<u><u>\$3,087,069</u></u>

Future Minimum Lease Payments: Future minimum lease payments under the lease purchase agreements along with the present value of the minimum lease payments as of June 30, 2014 are:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2015	\$438,416
2016	331,307
2017	159,119
Total minimum lease payments	928,842
Less amount representing interest	<u>(44,495)</u>
Present value of lease payments	<u><u>\$884,347</u></u>

Optional Prepayment

The Certificate maturities due prior to August 1, 2013 are not subject to redemption prior to maturity. The Certificate maturities due on or after May 1, 2014 are subject to redemption at the option of the Board on or after August 1, 2013, at a redemption price equal to 101% of the principal amount thereof plus accrued interest, if any.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 8. OPERATING LEASES:

The District has commitments to lease copying equipment and computers under operating leases which expire in July 2016. Total operating lease payments made during the year ended June 30, 2014 were \$223,542. Future minimum lease payments are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2015	\$41,875
2016	<u>3,490</u>
Total Minimum lease payments	<u>\$45,365</u>

NOTE 9. PENSION PLANS:

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 9. PENSION PLANS: (continued)

Contribution Requirements - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 5.5% for TPAF of the employee's annual compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, this amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning in the first year. For fiscal year 2012, the member rate will increase in October 2011. The phase in will take place on July 1 of each subsequent fiscal year. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2007 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

The Board's contribution to PERS, equal to the required contributions for each year, were as follows:

Year <u>Ending</u>	
6/30/14	\$191,956
6/30/13	197,655
6/30/12	205,371

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits were as follows:

Year <u>Ending</u>	Pension and Post-Retirement Medical <u>Contributions</u>	NCGI <u>Premium</u>
6/30/14	\$1,115,576	\$35,365
6/30/13	1,449,927	34,830
6/30/12	1,012,106	33,668

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 9. PENSION PLANS: (continued)

During the year ended June 30, 2014, the State of New Jersey contributed \$1,150,941, to the TPAF for normal pension contributions, NCGI Premium contributions and post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$771,954 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the district-wide financial statements, and the fund-based statements as revenues and expenditures in accordance with GASB 24.

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The program provides eligible members with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS. A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

The Board has employees who do not meet the requirements to join PERS or TPAF but hold a professional license or certificate and qualify for DCRP pursuant to foregoing requirements.

In FY14, there were no employees enrolled in the DCRP program; therefore, no contributions were made.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 10. POST-RETIREMENT BENEFITS:

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits, and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2013, the State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members.

NOTE 11. DEFERRED COMPENSATION:

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Equitable
Mass Mutual
Metropolitan Life

Great American
Valic

NOTE 12. RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 12. RISK MANAGEMENT: (continued)

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013-2014	\$ 6	\$23,146	\$4,732	\$78,374
2012-2013	4	23,700	23,504	59,954
2012-2011	50,009	22,013	37,645	59,304

NOTE 13. CAPITAL RESERVE ACCOUNT:

A capital reserve account was established by the Borough of Palisades Park Board of Education by inclusion of \$1.00 on October 18, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The balance at June 30, 2014 is \$590,663.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6A:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014

NOTE 13. CAPITAL RESERVE ACCOUNT: (continued)

The activity of the capital reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning balance, July 1, 2013		\$823,134
Deposits:		
Board Resolution, June 18, 2013	\$150,000	
Interest earnings	<u>1,159</u>	
		<u>151,159</u>
		974,293
Withdrawals:		
Board Resolution, September 18, 2013	104,623	
Board Resolution, September 18, 2013	242,000	
Board Resolution, December 18, 2013	32,207	
Board Resolution, February 26, 2014	<u>4,800</u>	
		<u>383,630</u>
Total withdrawals		
		<u>\$590,663</u>
Ending balance, June 30, 2014		

NOTE 14. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] - Of the \$1,779,209 General Fund balance at June 30, 2014, \$301,366 reserved for encumbrances; \$570,947 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$244,359 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2015); \$590,663 has been reserved in the Capital Reserve Account; \$41,944 has been appropriated and included as anticipated revenue for the year ending June 30, 2015; and \$274,289 is unreserved and undesignated.

The District has an accumulated deficit of \$65,891 in the Debt Service Fund as of June 30, 2014. This deficit is the result of an oversight to adequately budget appropriations to cover the required debt service payments. As the District permanently finances these appropriations, the District will realize as revenues the proceeds of the financing. This deficit does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

NOTE 15. CALCULATION OF EXCESS SURPLUS:

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004 c.73 (S1701) the designation for Reserved Fund Balance — Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2014 is \$570,947. Of this amount, \$326,588 the result of the current year's operations.

**Borough of Palisades Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2014**

NOTE 16. INVENTORY:

Inventory in the Food Service Fund at June 30, 2014 consisted of the following:

Food	\$7,174
Supplies	<u>1,222</u>
	<u>\$8,396</u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

NOTE 17. CONTINGENT LIABILITIES:

Grant Programs - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation - The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

NOTE 18. SUBSEQUENT EVENTS:

The District has evaluated subsequent events through October 24, 2014, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
General Fund:					
Revenues from Local Sources:					
Local Tax Levy	19,533,309		19,533,309	19,533,309	
Interest Earned on Capital Reserve Funds				1,158	1,158
Unrestricted Miscellaneous Revenues	40,000		40,000	85,076	45,076
Total - Local Sources	<u>19,573,309</u>		<u>19,573,309</u>	<u>19,619,543</u>	<u>46,234</u>
Revenues from State Sources:					
Categorical Special Education Aid	941,377		941,377	941,377	
Equalization Aid	725,995		725,995	725,995	
Categorical Security Aid	61,651		61,651	61,651	
Categorical Transportation Aid	14,322		14,322	14,322	
Adjustment Aid	10,501		10,501	10,501	
Additional Adjustment Aid	9,220		9,220	9,220	
Adequacy Aid	103,841		103,841	103,841	
Extraordinary Aid	60,000		60,000	56,609	(3,391)
TPAF Pension and Postretirement					
Medical Contribution (On-Behalf - Non-Budgeted)				1,115,576	1,115,576
TPAF NCGI Premium (On-Behalf - Non-Budgeted)				35,365	35,365
Reimbursed TPAF Social Security Contributions (non-budgeted)				771,954	771,954
Total - State Sources	<u>1,926,907</u>		<u>1,926,907</u>	<u>3,846,411</u>	<u>1,919,504</u>
TOTAL REVENUES	<u>21,500,216</u>		<u>21,500,216</u>	<u>23,465,954</u>	<u>1,965,738</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	366,196	34,668	400,864	384,876	15,988
Grades 1-5 - Salaries of Teachers	3,307,762	(198,873)	3,108,889	3,046,533	62,356
Grades 6-8 - Salaries of Teachers	786,725	83,831	870,556	852,543	18,013
Grades 9-12 - Salaries of Teachers	3,059,805	23,036	3,082,841	3,019,257	63,584
General Supplies	954	(954)			
Regular Programs - Home Instruction:					
Salaries of Teachers	13,000	37,613	50,613	48,251	2,362
Other Purchased Services (400-500 series)		1,970	1,970	1,720	250
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	65,000		65,000	65,000	
Purchased Professional-Educational Services	500		500		500
Purchased Technical Services	151,783	8,996	160,779	145,769	15,010
Other Purchased Services (400-500 series)	184,013	73,858	257,871	248,800	9,071
General Supplies	345,291	95,158	440,449	388,591	51,858
Textbooks	50,000	(17,666)	32,334	6,733	25,601
Other Objects	72,000	(72,000)			
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>8,403,029</u>	<u>69,637</u>	<u>8,472,666</u>	<u>8,208,073</u>	<u>264,593</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	620,674	(76,102)	544,572	529,994	14,578
General Supplies	3,256	4,260	7,516	5,825	1,691
Total Neurologically Impaired	<u>623,930</u>	<u>(71,842)</u>	<u>552,088</u>	<u>535,819</u>	<u>16,269</u>
Resource Room/Resource Center:					
Salaries of Teachers	822,389	(70,000)	752,389	732,203	20,186
Other Salaries for Instruction	64,000	32,678	96,678	96,678	
Total Resource Room/Resource Center	<u>886,389</u>	<u>(37,322)</u>	<u>849,067</u>	<u>828,881</u>	<u>20,186</u>
Preschool Disabilities- Full-Time:					
Salaries of Teachers	149,811	68,026	217,837	212,357	5,480
Other Salaries for Instruction	247,160	(33,020)	214,140	214,140	
Professional Svcs-Educational Services	10,000	705	10,705	6,755	3,950
General Supplies	5,000	(1,011)	3,989	3,743	246
Textbooks		1,795	1,795		1,795
Total Preschool Disabilities - Full-Time	<u>411,971</u>	<u>36,495</u>	<u>448,466</u>	<u>436,995</u>	<u>11,471</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>1,922,290</u>	<u>(72,669)</u>	<u>1,849,621</u>	<u>1,801,695</u>	<u>47,926</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	147,349	45,421	192,770	190,312	2,458
General Supplies	26,005	5,669	31,674	7,753	23,921
Total Basic Skills/Remedial - Instruction	<u>173,354</u>	<u>51,090</u>	<u>224,444</u>	<u>198,065</u>	<u>26,379</u>

Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction					
Salaries of Teachers	635,821	(17,554)	618,267	577,487	40,780
General Supplies	10,169	1,716	11,885	9,415	2,470
Textbooks	1,000	426	1,426	861	565
Total Bilingual Education - Instruction	646,990	(15,412)	631,578	587,763	43,815
School-Sponsored Cocurricular Activities - Instruction					
Salaries	102,000	(8,688)	93,312	63,462	29,850
Purchased Services (300-500 series)	1,000	(622)	378	378	
Supplies and Materials	17,029	(105)	16,924	9,671	7,253
Total School-Sponsored Cocurricular Activities - Instruction	120,029	(9,415)	110,614	73,511	37,103
School-Sponsored Athletics - Instruction					
Salaries	218,856	(450)	218,406	191,948	26,458
Purchased Services (300-500 series)	48,000	4,500	52,500	52,500	
Supplies and Materials	47,091	5,459	52,550	50,504	2,046
Total School-Sponsored Athletics - Instruction	313,947	9,509	323,456	294,952	28,504
TOTAL INSTRUCTION	11,579,639	32,740	11,612,379	11,164,059	448,320
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	200,500	(46,351)	154,149	154,149	
Tuition to County Voc. School Dist. - Regular	277,200	(8,400)	268,800	268,800	
Tuition to CSSD & Regional Day Schools	345,110	135	345,245	345,245	
Tuition to Private Schools for the Handicapped - Within State	215,213	87,465	302,678	302,678	
Tuition-Other		12,718	12,718	12,718	
Total Undistributed Expenditures - Instruction:	1,038,023	45,567	1,083,590	1,083,590	
Undistributed Expend. - Attend. & Social Work					
Salaries	3,000	(1,250)	1,750	1,750	
Total Undistributed Expend. - Attend. & Social Work	3,000	(1,250)	1,750	1,750	
Undist. Expend. - Health Services					
Salaries	228,233	(6,273)	221,960	218,828	3,132
Purchased Prof. & Tech Svc.		2,007	2,007	1,592	415
Supplies and Materials	9,500	3,103	12,603	12,603	
Total Undistributed Expenditures - Health Services	237,733	(1,163)	236,570	233,023	3,547
Undist. Expend. - Speech, OT, PT & Related Services					
Purchased Prof. Services-Educational Services	101,063	196,483	297,546	297,546	
Total Undist. Expend. - Speech, OT, PT & Related Serv.	101,063	196,483	297,546	297,546	
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	184,344	5,103	189,447	185,381	4,066
Salaries of Secretarial and Clerical Assistants	36,517	313	36,830	35,801	1,029
Supplies and Materials	3,000	(1,136)	1,864	1,864	
Total Undist. Expend. - Guidance	223,861	4,280	228,141	223,046	5,095
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	432,698	52,231	484,929	472,119	12,810
Salaries of Secretarial and Clerical Assistants	77,615	(9,529)	68,086	65,566	2,520
Supplies and Materials	11,186	(1,259)	9,927	8,171	1,756
Total Undist. Expend. - Child Study Teams	521,499	41,443	562,942	545,856	17,086
Undist. Expend. - Improvement of Instructional Services					
Salaries of Supervisors of Instruction	1,500	(1,367)	133		133
Other Purchased Professional and Technical Services	500	1,621	2,121	1,783	338
Other Purch Services (400-500)	5,000	(1,667)	3,333	1,743	1,590
Total Undist. Expend. - Improvement of Inst. Services	7,000	(1,413)	5,587	3,526	2,061
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	167,325	20,857	188,182	185,605	2,577
Supplies and Materials	23,691	(1,337)	22,354	22,009	345
Total Undist. Expend. - Educational Media Serv./Sch. Library	191,016	19,520	210,536	207,614	2,922
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Service	15,000	596	15,596	15,596	
Total Undist. Expend. - Instructional Staff Training Serv.	15,000	596	15,596	15,596	

Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	185,218	(4,660)	180,558	167,934	12,624
Legal Services	58,200		58,200	45,375	12,825
Audit Fees	35,000	3,000	38,000	38,000	
Other Purchased Professional Services	132,500	(14,924)	117,576	117,576	
Communications/Telephone	103,431	(7,327)	96,104	87,238	8,866
BOE Other Purchased Services	4,200		4,200	2,987	1,213
Other Purchased Services		191,873	191,873	183,837	8,036
Misc. Purch Services (400-500 Series)	64,000	(64,000)			
General Supplies	3,000	145	3,145	3,145	
Misc. Expenditures	3,500	1,063	4,563	4,218	345
BOE Membership Dues and Fees	12,000	960	12,960	12,711	249
Total Undist. Expend. - Supp. Serv. - General Administration	601,049	106,130	707,179	663,021	44,158
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	601,153	(24,872)	576,281	557,774	18,507
Salaries of Secretarial and Clerical Assistants	405,409		405,409	371,442	33,967
Other Purchased Services (400-500 series)	17,700		17,700	7,172	10,528
Supplies and Materials	35,393	295	35,688	17,636	18,052
Other Objects	31,627	3,446	35,073	32,444	2,629
Total Undist. Expend. - Support Serv. - School Administration	1,091,282	(21,131)	1,070,151	986,468	83,683
Undist. Expend. - Support Serv. - Central Services					
Salaries	267,477	7,943	275,420	274,819	601
Purchased Professional Services	27,000	(2,950)	24,050	21,362	2,688
Purchased Technical Services	500	3,974	4,474	4,474	
Misc. Pur Services (400-500 Series)	500		500	237	263
Supplies and Materials	6,432	976	7,408	6,959	449
Other Objects		15,280	15,280	10,817	4,463
Miscellaneous Expenditures	3,000	(3,000)			
Total Undist. Expend. - Support Serv. - Central Services	304,909	22,223	327,132	318,668	8,464
Undist. Expend. - Required Maint. for School Facilities (261)					
Cleaning, Repair and Maintenance Services	109,855	(636)	109,219	85,270	23,949
General Supplies	11,849	(3,364)	8,485	1,681	6,804
Undist. Expend. - Required Maint. for School Facilities	121,704	(4,000)	117,704	86,951	30,753
Undist. Expend. - Custodial Services (262)					
Salaries	841,075	(23,272)	817,803	817,803	
Cleaning, Repair and Maintenance Services	182,695	(40,426)	142,269	111,684	30,585
Insurance	106,675	(106,129)	546	546	
Misc. Purchased Services		174	174	88	86
General Supplies	105,199	(5,911)	99,288	94,188	5,100
Energy (Energy and Electricity)	402,108	4,404	406,512	406,512	
Total Undist. Expend. - Other Oper. & Maint. Of Plant	1,637,752	(171,160)	1,466,592	1,430,821	35,771
Undist. Expend. - Student Transportation Services (270)					
Contract Services (Other than Between Home & School)-Vendors	82,274	(20,000)	62,274	60,400	1,874
Contract Services (Sp. Ed. Students)-Vendors	300,000	(30,808)	269,192	245,163	24,029
Total Undist. Expend. - Student Transportation Services	382,274	(50,808)	331,466	305,563	25,903
UNALLOCATED BENEFITS					
Social Security Contributions	270,300	(11,444)	258,856	258,856	
Other Retirement Contributions-PERS	212,862	(20,906)	191,956	191,956	
Unemployment Compensation	15,000	(13,866)	1,134		1,134
Workmen's Compensation	98,878		98,878	95,446	3,432
Health Benefits	3,291,277	(261,247)	3,030,030	3,025,145	4,885
Tuition Reimbursement	10,000	8,546	18,546	18,546	
Other Employee Benefits	30,000	(662)	29,338	29,205	133
TOTAL UNALLOCATED BENEFITS	3,928,317	(299,579)	3,628,738	3,619,154	9,584
On-behalf TPAF pension Contributions (non-budgeted)				1,115,576	(1,115,576)
On-behalf TPAF NCGI Premium (non-budgeted)				35,365	(35,365)
Reimbursed TPAF Social Security Contributions (non-budgeted)				771,954	(771,954)
TOTAL ON-BEHALF CONTRIBUTIONS				1,922,895	(1,922,895)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	3,928,317	(299,579)	3,628,738	5,542,049	(1,913,311)
TOTAL UNDISTRIBUTED EXPENDITURES	10,405,482	(114,262)	10,291,220	11,945,088	(1,653,868)
TOTAL GENERAL CURRENT EXPENSE	21,985,121	(81,522)	21,903,599	23,109,147	(1,205,548)

Exhibit C-1

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction:					
Grades 1-5		2,200	2,200		2,200
Grades 9-12		22,359	22,359	22,359	
Special Education - Instruction:					
Equipment		6,644	6,644	6,644	
Total Equipment		<u>31,203</u>	<u>31,203</u>	<u>29,003</u>	<u>2,200</u>
Undist. Expenditures:					
General Administration		2,500	2,500	2,500	
Required Maintenance for School Facilities		3,100	3,100	3,100	
Custodial Services		4,000	4,000	4,000	
Total Undist. Expend.		<u>9,600</u>	<u>9,600</u>	<u>9,600</u>	
Facilities Acquisition and Construction Services					
Construction Services	7,000		7,000	5,000	2,000
Assessment for Debt Service on SDA Funding	19,430		19,430	12,601	6,829
Total Facilities Acquisition and Construction Services	<u>26,430</u>		<u>26,430</u>	<u>17,601</u>	<u>8,829</u>
TOTAL CAPITAL OUTLAY	<u>26,430</u>	<u>40,803</u>	<u>67,233</u>	<u>56,204</u>	<u>11,029</u>
Transfer of Funds to Charter Schools	<u>9,619</u>	<u>40,719</u>	<u>50,338</u>	<u>50,333</u>	<u>5</u>
TOTAL EXPENDITURES	<u>22,021,170</u>		<u>22,021,170</u>	<u>23,215,684</u>	<u>(1,194,514)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(520,954)</u>		<u>(520,954)</u>	<u>250,270</u>	<u>771,224</u>
Other Financing Sources/(Uses):					
Operating Transfers Out:					
Capital Reserve - Transfer to Capital Projects Fund		(383,630)	(383,630)	(383,630)	
Total Other Financing Sources/(Uses):		<u>(383,630)</u>	<u>(383,630)</u>	<u>(383,630)</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(520,954)</u>	<u>(383,630)</u>	<u>(904,584)</u>	<u>(133,360)</u>	<u>771,224</u>
Fund Balance, July 1	<u>2,071,808</u>		<u>2,071,808</u>	<u>2,071,808</u>	
Fund Balance, June 30	<u>1,550,854</u>	<u>(383,630)</u>	<u>1,167,224</u>	<u>1,938,448</u>	<u>771,224</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	(333,980)		(333,980)	(333,980)	
Increase in Capital Reserve:					
Principal				150,000	150,000
Interest Deposit to Capital Reserve				1,158	1,158
Withdrawal from Capital Reserve		(383,630)	(383,630)	(383,630)	
Budgeted Fund Balance	<u>(186,974)</u>		<u>(186,974)</u>	<u>433,092</u>	<u>620,066</u>
	<u>(520,954)</u>	<u>(383,630)</u>	<u>(904,584)</u>	<u>(133,360)</u>	<u>771,224</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				590,663	
Excess Surplus - Designated for Subsequent Years' Expenditures				244,359	
Excess Surplus - Current Year				326,588	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				41,944	
Year-end Encumbrances				301,366	
Unassigned Fund Balance				<u>433,528</u>	
				<u>1,938,448</u>	
Recapitulation to Governmental Fund Statement (GAAP):					
Less: Last State Aid Payment not Recognized GAAP Basis				<u>(159,239)</u>	
Total Fund Balance per Governmental Funds (GAAP)				<u>1,779,209</u>	

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	174,555	(878)	173,677	165,475	(8,202)
Federal Sources	600,071	271,949	872,020	809,893	(62,127)
Total Revenues	774,626	271,071	1,045,697	975,368	(70,329)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	190,515	188,307	378,822	378,820	2
Other Purchased Services (400-500 series)	233,441	36,559	270,000	270,000	-
General Supplies	37,790	(13,082)	24,708	23,708	1,000
Textbooks	11,889	2,262	14,151	14,151	-
Total instruction	473,635	214,046	687,681	686,679	1,002
Support services:					
Salaries of Other Professional Staff	2,647	953	3,600	3,040	560
Personal Services - Employee Benefits	52,024	30,757	82,781	46,544	36,237
Purchased Professional - Educational Services	222,726	19,907	242,633	211,838	30,795
Other Purchased Services	11,404	5,106	16,510	16,510	-
Travel	3,195	(3,195)	-	-	-
Supplies & Materials	4,595	5,672	10,267	8,532	1,735
Total support services	296,591	59,200	355,791	286,464	69,327
Facilities acquisition and const. serv.:					
Instructional Equipment	4,400	(2,175)	2,225	2,225	-
Total facilities acquisition and const. serv.	4,400	(2,175)	2,225	2,225	-
Total Expenditures	774,626	271,071	1,045,697	975,368	70,329
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)					
	-	-	-	-	-

PALISADES PARK BOARD OF EDUCATION
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to Required Supplementary Information
 Fiscal Year Ended June 30, 2014

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
 GAAP Revenues and Expenditures**

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	23,465,954	975,368
Differences - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. Current Year			
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		149,423	
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33).		(159,239)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>23,456,138</u>	<u>975,368</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the			
budgetary comparison schedule	[C-1]&[C-2]	23,215,684	975,368
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but the in year the supplies are received for financial reporting purposes. Current Year			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>23,215,684</u>	<u>975,368</u>

SPECIAL REVENUE FUND

PALISADES PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
June 30, 2014

	Total Brought Forward (Ex. E-1a)	N.J. Nonpublic Textbook Aid	N.J. Nonpublic Nursing Aid	N.J. Nonpublic Handicapped Services, Chp. 193 Supplemental Instruction	Examination & Classification	Corrective Speech	Totals 2014
REVENUES							
Local Sources	-						-
State Sources	89,453	14,151	19,916	15,610	17,361	8,984	165,475
Federal Sources	809,893						809,893
Total Revenues	899,346	14,151	19,916	15,610	17,361	8,984	975,368
EXPENDITURES:							
Instruction:							
Salaries of Teachers	358,904		19,916				378,820
Other Purchased Services (400-500 series)	270,000						270,000
General Supplies	23,708						23,708
Textbooks	-	14,151					14,151
Total instruction	652,612	14,151	19,916	-	-	-	686,679
Support services:							
Salaries of Other Professional Staff	3,040						3,040
Personal Services - Employee Benefits	46,544						46,544
Purchased Professional - Educational Services	169,883			15,610	17,361	8,984	211,838
Other Purchased Professional Services	16,510						16,510
Supplies & Materials	8,532						8,532
Total support services	244,509	-	-	15,610	17,361	8,984	286,464
Facilities acquisition and const. serv.:							
Instructional Equipment	2,225						2,225
Total facilities acquisition and const. serv.	2,225	-	-	-	-	-	2,225
Total Expenditures	899,346	14,151	19,916	15,610	17,361	8,984	975,368
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-

PALISADES PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2014

	N.J. Nonpublic Auxiliary Services, Chp. 192		N.J. Nonpublic Technology Aid	Title I, Improving Basic Skills	Total Carried Forward
	Total Brought Forward (Ex. E-1b)	Compensatory Education	English as a Second Language		
REVENUES					
Local Sources	-				-
State Sources	-	63,343	20,950		89,453
Federal Sources	485,206			324,687	809,893
Total Revenues	485,206	63,343	20,950	324,687	899,346
EXPENDITURES:					
Instruction:					
Salaries of Teachers	90,904				358,904
Other Purchased Services (400-500 series)	270,000			268,000	270,000
General Supplies	9,548			9,000	23,708
Textbooks	-				-
Total instruction	370,452	-	-	277,000	652,612
Support services:					
Salaries of Other Professional Staff	-			3,040	3,040
Personal Services - Employee Benefits	22,708			23,836	46,544
Purchased Professional - Educational Services	75,590	63,343	20,950	10,000	169,883
Other Purchased Services	7,699			8,811	16,510
Supplies & Materials	6,532			2,000	8,532
Total support services	112,529	63,343	20,950	47,687	244,509
Facilities acquisition and const. serv.:					
Instructional Equipment	2,225				2,225
Total facilities acquisition and const. serv.	2,225	-	-	-	2,225
Total Expenditures	485,206	63,343	20,950	324,687	899,346
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

PALISADES PARK BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2014

	Title II, Part A Teacher and Principal Training and Recruiting Fund	Title III - Immigrant	Title III, English Language Acquisition and Language Enhancement	I.D.E.A. Part B, Basic	I.D.E.A. Part B Preschool	Total Carried Forward
REVENUES						
Local Sources						-
State Sources						-
Federal Sources	65,065	20,604	55,361	335,683	8,493	485,206
Total Revenues	65,065	20,604	55,361	335,683	8,493	485,206
EXPENDITURES:						
Instruction:						
Salaries of Teachers	38,000	14,904	38,000	270,000		90,904
Other Purchased Services (400-500 series)				775		270,000
General Supplies		1,152	7,621			9,548
Textbooks						-
Total instruction	38,000	16,056	45,621	270,775	-	370,452
Support services:						
Salaries of Other Professional Staff						-
Personal Services - Employee Benefits	9,420	4,548	8,740			22,708
Purchased Professional - Educational Services	8,679			58,418	8,493	75,590
Other Purchased Professional Services	3,699			4,000		7,699
Supplies & Materials	5,267		1,000	265		6,532
Total support services	27,065	4,548	9,740	62,683	8,493	112,529
Facilities acquisition and const. serv.:						
Instructional Equipment				2,225		2,225
Total facilities acquisition and const. serv.	-	-	-	2,225	-	2,225
Total Expenditures	65,065	20,604	55,361	335,683	8,493	485,206
Excess (Deficiency) of Revenues Over (Under)	-	-	-	-	-	-
Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

CAPITAL PROJECTS FUND

PALISADES PARK BOARD OF EDUCATION
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes
in Fund Balance-Budgetary Basis
Fiscal Year Ended June 30, 2014

Revenues

State Sources - SCC Grant	-
Certificates of Participation	-
Sale of Property	-
Transfers from Capital Reserve	383,630
Transfers from Capital Outlay	-
Transfers from Food Service Fund	-
Interest earnings	-
	<hr/>
	383,630

Expenditures

Purchased professional and technical services	-
Land and improvements	-
Construction services	383,630
Equipment purchases	-
	<hr/>
	383,630

Net change in fund balance	-
Fund balance - beginning	<hr/> 40,795
Fund balance - ending	\$ <hr/> <hr/> 40,795

Analysis of Fund Balance

Assigned to:

1997 School Renovation Project	205
Roof Replacement - Jr./Sr. High School	37
Early Childhood Center	16,568
Board Office Conversion to Classrooms	<hr/> 23,985
	\$ <hr/> <hr/> 40,795

PALISADES PARK BOARD OF EDUCATION
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
 1997 School Renovation Project
 Fiscal Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues				
State Sources - SCC Grant	1,000,000		1,000,000	
Certificates of Participation	1,500,000		1,500,000	
Sale of Property			-	
Transfers from Capital Reserve			-	
Transfers from Capital Outlay			-	
Donations			-	
	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>	<u>-</u>
Expenditures				
Purchased professional and technical services			-	
Land and improvements			-	
Construction services	2,499,795		2,499,795	
Equipment purchases			-	
	<u>2,499,795</u>	<u>-</u>	<u>2,499,795</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>205</u>	<u>-</u>	<u>205</u>	<u>-</u>
Additional project information:				
Project number				
Grant Date	1997			
Bond authorization date				
Bonds authorized				
Bonds issued				
Original authorization cost	2,500,000			
Additional authorized cost				
Revised authorized cost	2,500,000			
Percentage increase over original authorized cost	-			
Percentage completion	100%			
Original target completion date				
Revised target completion date				

PALISADES PARK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Jr./Sr. High School Roof Replacement
Fiscal Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues				
State Sources - SCC Grant	100,823		100,823	
Certificates of Participation			-	
Sale of Property			-	
Transfers from Capital Reserve	135,266		135,266	
Transfers from Capital Outlay	15,969		15,969	
Donations			-	
	<u>252,058</u>	<u>-</u>	<u>252,058</u>	<u>-</u>
Expenditures				
Purchased professional and technical services	-		-	
Land and improvements			-	
Construction services	252,021		252,021	
Equipment purchases			-	
	<u>252,021</u>	<u>-</u>	<u>252,021</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37</u>	<u>-</u>	<u>37</u>	<u>-</u>
Additional project information:				
Project number	3910-050-04-00RA			
Grant Date	7/15/2004			
Bond authorization date				
Bonds authorized				
Bonds issued				
Original authorization cost	252,058			
Additional authorized cost				
Revised authorized cost	252,058			
Percentage increase over original authorized cost	-			
Percentage completion	100%			
Original target completion date				
Revised target completion date				

PALISADES PARK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Early Childhood Center
Fiscal Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues				
State Sources - SCC Grant	1,343,959		1,343,959	
Certificates of Participation			-	
Sale of Property	3,840,000		3,840,000	
Transfers from Capital Reserve			-	
Transfers from Capital Outlay			-	
Transfers from Food Service Fund	150,000		150,000	
Donations	50,000		50,000	
	<u>5,383,959</u>	<u>-</u>	<u>5,383,959</u>	<u>-</u>
Expenditures				
Purchased professional and technical services	209,665		209,665	
Land and improvements			-	
Construction services	5,157,726		5,157,726	
Equipment purchases			-	
	<u>5,367,391</u>	<u>-</u>	<u>5,367,391</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,568</u>	<u>-</u>	<u>16,568</u>	<u>-</u>
Additional project information:				
Project number	3910-N01-03-0632			
Grant Date	7/15/2004			
Bond authorization date				
Bonds authorized				
Bonds issued				
Original authorization cost	5,492,959			
Additional authorized cost	85,000			
Revised authorized cost	5,577,959			
Percentage increase over original authorized cost	0.02			
Percentage completion	96%			
Original target completion date				
Revised target completion date				

PALISADES PARK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Board Office Conversion to Classrooms
Fiscal Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues				
State Sources - SCC Grant			-	
Certificates of Participation			-	
Sale of Property			-	
Transfers from Capital Reserve	55,137		55,137	
Transfers from Capital Outlay			-	
Transfers from Food Service Fund			-	
Donations			-	
	<u>55,137</u>	<u>-</u>	<u>55,137</u>	<u>-</u>
Expenditures				
Purchased professional and technical services	15,656		15,656	
Land and improvements			-	
Construction services	15,496		15,496	
Equipment purchases			-	
	<u>31,152</u>	<u>-</u>	<u>31,152</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,985</u>	<u>-</u>	<u>23,985</u>	<u>-</u>
Additional project information:				
Project number				
Grant Date	N/A			
Bond authorization date				
Bonds authorized				
Bonds issued				
Original authorization cost	55,137			
Additional authorized cost				
Revised authorized cost	55,137			
Percentage increase over original authorized cost	-			
Percentage completion	56%			
Original target completion date				
Revised target completion date				

PALISADES PARK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Lindbergh School Façade Project
Fiscal Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues				
State Sources - SCC Grant			-	
Certificates of Participation			-	
Sale of Property			-	
Transfers from Capital Reserve	254,590	274,207	528,797	
Transfers from Capital Outlay			-	
Transfers from Food Service Fund			-	
Donations			-	
	<u>254,590</u>	<u>274,207</u>	<u>528,797</u>	<u>-</u>
Expenditures				
Purchased professional and technical services			-	
Land and improvements			-	
Construction services	254,590	274,207	528,797	
Equipment purchases			-	
	<u>254,590</u>	<u>274,207</u>	<u>528,797</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Additional project information:				
Project number				
Grant Date		N/A		
Bond authorization date				
Bonds authorized				
Bonds issued				
Original authorization cost	254,590			
Additional authorized cost	274,207			
Revised authorized cost	528,797			
Percentage increase over original authorized cost	1.08			
Percentage completion	100%			
Original target completion date				
Revised target completion date				

PALISADES PARK BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Early Childhood Center Classroom Renovations
Fiscal Year Ended June 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues				
State Sources - SCC Grant			-	
Certificates of Participation			-	
Sale of Property			-	
Transfers from Capital Reserve		109,423	109,423	
Transfers from Capital Outlay			-	
Transfers from Food Service Fund			-	
Donations			-	
	<u>-</u>	<u>109,423</u>	<u>109,423</u>	<u>-</u>
Expenditures				
Purchased professional and technical services			-	
Land and improvements			-	
Construction services		109,423	109,423	
Equipment purchases			-	
	<u>-</u>	<u>109,423</u>	<u>109,423</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Additional project information:				
Project number				
Grant Date		N/A		
Bond authorization date				
Bonds authorized				
Bonds issued				
Original authorization cost	109,423			
Additional authorized cost	-			
Revised authorized cost	109,423			
Percentage increase over original authorized cost	-			
Percentage completion	100%			
Original target completion date				
Revised target completion date				

PALISADES PARK BOARD OF EDUCATION
Capital Projects Fund
Summary Statement of Project Expenditures
Fiscal Year Ended June 30, 2014

Project Title/Issue	Date	Expenditures to Date		Unexpended Balance June 30, 2014
		Prior Years	Current Year	
1997 - School renovation project	1997	2,499,795		205
Roof Replacement - Jr./Sr. High School	2004	252,021		37
Early Childhood Center	2005	5,367,391		210,568
Board Office Conversion to Classrooms	2011	31,152		23,985
Lindbergh School Façade Project	2012, 2013	254,590	274,207	-
Early Childhood Center Classroom Renovations	2013	109,423	109,423	-
		<u>9,023,374</u>	<u>383,630</u>	<u>234,795</u>
Analysis				
		Project Balance - June 30, 2014		234,795
		Unfunded Authorizations		(194,000)
		Fund Balance (Deficit) - June 30, 2014		<u>40,795</u>

<p>PROPRIETARY FUNDS</p>

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Net Position
Enterprise Funds
June 30, 2014

	<u>Food Service Program</u>	<u>After School Child Care</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	49,931	162,945	212,876
Accounts receivable:			
State	2,125		2,125
Federal	62,989		62,989
Interfund	870		870
Inventories	8,396		8,396
Total current assets	<u>124,311</u>	<u>162,945</u>	<u>287,256</u>
Noncurrent assets:			
Capital assets:			
Equipment	108,801		108,801
Site Improvements	59,050		59,050
Less accumulated depreciation:			
Equipment	(107,181)		(107,181)
Site Improvements	<u>(14,760)</u>		<u>(14,760)</u>
Total capital assets (net of accumulated depreciation)	<u>45,910</u>	<u>-</u>	<u>45,910</u>
Total assets	<u><u>170,221</u></u>	<u><u>162,945</u></u>	<u><u>333,166</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	<u>7,537</u>		<u>7,537</u>
Total current liabilities	<u>7,537</u>	<u>-</u>	<u>7,537</u>
NET POSITION			
Net Investment in Capital Assets	45,910	-	45,910
Unrestricted	<u>116,774</u>	<u>162,945</u>	<u>279,719</u>
Total net position	<u><u>162,684</u></u>	<u><u>162,945</u></u>	<u><u>325,629</u></u>

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2014

	<u>Food Service Program</u>	<u>After School Child Care</u>	<u>Totals</u>
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	329,495		329,495
Daily sales - non-reimbursable programs	12,237		12,237
Tuition fees		135,641	135,641
Total operating revenues	<u>341,732</u>	<u>135,641</u>	<u>477,373</u>
Operating expenses:			
Cost of sales	300,167		300,167
Salaries	211,152	80,016	291,168
Supplies and materials	23,731	2,492	26,223
Employee benefits	79,340		79,340
Cleaning repair & maintenance	47,021		47,021
Purchased services	31,840		31,840
Depreciation	3,183		3,183
Total Operating Expenses	<u>696,434</u>	<u>82,508</u>	<u>778,942</u>
Operating income (loss)	<u>(354,702)</u>	<u>53,133</u>	<u>(301,569)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	8,810		8,810
Federal sources:			
National school lunch program	281,750		281,750
National school breakfast program	37,520		37,520
Food distribution program	39,916		39,916
Interest and investment revenue	8		8
Total nonoperating revenues (expenses)	<u>368,004</u>	<u>-</u>	<u>368,004</u>
Income (loss) before contributions & transfers	<u>13,302</u>	<u>53,133</u>	<u>66,435</u>
Transfers in (out)			
Change in net position			-
Total net position—beginning	<u>13,302</u>	<u>53,133</u>	<u>66,435</u>
Total net position—ending	<u>149,382</u>	<u>109,812</u>	<u>259,194</u>
	<u>162,684</u>	<u>162,945</u>	<u>325,629</u>

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended June 30, 2014

	Food Service Program	After School Child Care	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	341,732	135,641	477,373
Payments to employees		(80,016)	(80,016)
Payments to Outside Food Service Management Company	(609,354)		(609,354)
Payments for repairs, maintenance	(38,357)		(38,357)
Payments for supplies		(2,492)	(2,492)
Net cash provided by (used for) operating activities	<u>(305,979)</u>	<u>53,133</u>	<u>(252,846)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	7,161		7,161
Federal Sources	274,379		274,379
Net cash provided by (used for) non-capital financing activities	<u>281,540</u>	<u>-</u>	<u>281,540</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Prior year voided checks			-
Interest and dividends	8		8
Net cash provided by (used for) investing activities	<u>8</u>	<u>-</u>	<u>8</u>
Net increase (decrease) in cash and cash equivalents	(24,431)	53,133	28,702
Balances—beginning of year	74,362	109,812	184,174
Balances—end of year	<u>49,931</u>	<u>162,945</u>	<u>212,876</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(354,702)	53,133	(301,569)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and net amortization	3,183		3,183
Food Distribution Program	39,916		39,916
(Increase) decrease in inventories	4,369		4,369
Increase (decrease) in accounts payable	1,255		1,255
Total adjustments	<u>48,723</u>	<u>-</u>	<u>48,723</u>
Net cash provided by (used for) operating activities	<u>(305,979)</u>	<u>53,133</u>	<u>(252,846)</u>

FIDUCIARY FUND

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Unemployment Compensation Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	76,939	123,634
Interfund Receivable - Payroll Agency	1,435	
Total assets	<u>78,374</u>	<u>123,634</u>
LIABILITIES		
Payable to student groups		114,138
Payroll deductions and withholdings		8,061
Interfund Payable - Unemployment Compensation Trust		1,435
Total liabilities	<u>-</u>	<u>123,634</u>
NET POSITION		
Held in trust for unemployment claims and other purposes	<u>78,374</u>	
Reserved for Scholarships		

Exhibit H-2

PALISADES PARK BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Fiscal Year Ended June 30, 2014

	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS	
Contributions:	
Employee Deductions	23,146
Total Contributions	<u>23,146</u>
Investment earnings:	
Interest	<u>6</u>
Net investment earnings	<u>6</u>
Total additions	<u>23,152</u>
DEDUCTIONS	
Closed to student aid account	
Unemployment assessment billings	
Unemployment claims	4,732
Total deductions	<u>4,732</u>
Change in net position	18,420
Net position—beginning of the year	<u>59,954</u>
Net position—end of the year	<u><u>78,374</u></u>

PALISADES PARK BOARD OF EDUCATION
Student Activity Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2014

	<u>Balance July 1, 2013</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2014</u>
Elementary Schools:				
Lindbergh School	11,015	36,169	38,152	9,032
Total Elementary Schools	11,015	36,169	38,152	9,032
High School:				
High School	65,969	100,358	106,760	59,567
Student Aid	36,735	26,172	27,600	35,307
Athletic Fund	6,209	118,468	124,642	35
Cultural Arts	6,793	11,970	8,566	10,197
Total High School	115,706	256,968	267,568	105,106
Total All Schools	126,721	293,137	305,720	114,138

PALISADES PARK BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
Fiscal Year Ended June 30, 2014

	<u>Balance July 1, 2013</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Balance June 30, 2014</u>
Net Payroll	6,104	8,756,659	8,757,274	5,489
Payroll Deductions and Withholdings	4,803	6,673,014	6,675,245	2,572
Interfund - Unemployment Compensation Trust	<u>33,286</u>	<u>1,435</u>	<u>33,286</u>	<u>1,435</u>
	<u><u>44,193</u></u>	<u><u>15,431,108</u></u>	<u><u>15,465,805</u></u>	<u><u>9,496</u></u>

LONG-TERM DEBT

PALISADES PARK BOARD OF EDUCATION
General Long Term Debt Account Group
Statement of Obligations under Bonds and Loans Payable
June 30, 2014

SERIES	Amount of Original Issues	Annual Maturities		Interest Rate Payable	Amount Outstanding on July 1, 2013	Retired in Current Year	Amount Outstanding on June 30, 2014
		Date	Amount				
1993 Safe Program Loan	207,750			\$	10,937	10,937	-
1993 Small Project Loan	370,417				46,173	46,173	-
2012 Refunding Bonds - Bergen County Improvement Authority - Unfunded Pension Liability	827,000	03/15/15	93,000	0.838%	810,000	93,000	717,000
		03/15/16	95,000	1.237%			
		03/15/17	100,000	1.637%			
		03/15/18	102,000	2.108%			
		03/15/19	105,000	2.358%			
		03/15/20	109,000	2.659%			
		03/15/21	113,000	2.959%			
TOTAL				\$	867,110	150,110	717,000

PALISADES PARK BOARD OF EDUCATION
General Long Term Debt Account Group
Statement of Obligations under Capital Leases
June 30, 2014

SERIES	Amount of Original Issues	Annual Maturities		Interest Rate Payable	Amount Outstanding on July 1, 2013	Retired in Current Year	Amount Outstanding June 30, 2014
		Date	Amount				
2007 School Renovations	3,084,069	08/01/14	410,228	4.150%	1,311,564	427,217	884,347
		08/01/15	318,235				
		08/01/16	155,884				
TOTAL					1,311,564	427,217	884,347

PALISADES PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Miscellaneous	752,448	-	752,448	752,448	-
Local Tax Levy	-	-	-	-	-
Total - State Sources	752,448	-	752,448	752,448	-
Total Revenues	752,448	-	752,448	752,448	-
EXPENDITURES:					
Regular Debt Service:					
Princ. Payments - Comm. Approved Lease Purchase Agrm.	427,217	-	427,217	427,217	-
Int for Commissioner Approved Lease Purchase Agrm.	45,565	-	45,565	45,565	-
Interest on Early Retirement Bonds	15,036	-	15,036	15,036	-
Redemption of Principal - Early Retirement Bonds	93,000	-	93,000	93,000	-
Interest on Bonds	1,303	-	1,303	1,303	-
Principal on Bonds	113,219	-	113,219	-	(113,219)
Amounts Paid Into Sinking Fund	57,108	-	57,108	57,108	-
Total Regular Debt Service	752,448	-	752,448	639,229	(113,219)
Total expenditures	752,448	-	752,448	639,229	(113,219)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	113,219	113,219
Fund Balance, July 1	(179,110)		(179,110)	(179,110)	-
Fund Balance, June 30	(179,110)	-	(179,110)	(65,891)	113,219
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	-	-	-	-	-

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets/Position by Component
- J-2 Changes in Net Assets/Position
- J-3 Fund Balances - Governmental Funds
- J-4 Changes in Fund Balances - Governmental Funds
- J-5 General Fund Other Local Revenue by Source

Revenue Capacity

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
- J-8 Principal Property Taxpayers
- J-9 Property Tax Levies and Collections

Debt Capacity

- J-10 Ratios of Outstanding Debt by Type
- J-11 Ratios of General Bonded Debt Outstanding
- J-12 Direct and Overlapping Governmental Activities Debt
- J-13 Legal Debt Margin Information

Demographic and Economic Information

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers

Operating Information

- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information*
- J-19 Schedule of Allowable Maintenance Expenditures by School Facility
- J-20 Insurance Schedule

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

Contents

Page

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

J-14 to J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

Palisades Park Board of Education
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net Investment in Capital Assets										
Restricted	\$ 12,990,376	\$ 13,557,604	\$ 13,873,642	\$ 14,625,782	\$ 14,764,638	\$ 14,892,593	\$ 14,998,336	\$ 15,429,884	\$ 16,029,450	\$ 16,613,576
Unrestricted	1,251,830	934,617	590,342	399,811	717,770	328,677	1,158,282	2,091,983	1,450,132	1,479,824
Total governmental activities net position	(883,612)	(678,270)	(744,311)	(1,205,505)	(1,295,155)	(1,283,380)	(1,858,590)	(1,713,404)	(1,479,517)	(4,009,752)
	<u>\$ 13,358,594</u>	<u>\$ 13,813,951</u>	<u>\$ 13,719,673</u>	<u>\$ 13,820,088</u>	<u>\$ 14,187,253</u>	<u>\$ 13,937,890</u>	<u>\$ 14,298,028</u>	<u>\$ 15,808,463</u>	<u>\$ 16,000,065</u>	<u>\$ 14,083,648</u>
Business-type activities										
Net Investment in Capital Assets										
Restricted	\$ 77,346	\$ 42,294	\$ 36,850	\$ 32,545	\$ 28,241	\$ 82,578	\$ 55,457	\$ 52,276	\$ 49,093	\$ 45,910
Unrestricted	205,926	243,972	116,254	146,184	142,947	94,483	120,564	170,521	210,101	279,719
Total business-type activities net position	<u>\$ 283,272</u>	<u>\$ 286,266</u>	<u>\$ 153,104</u>	<u>\$ 178,729</u>	<u>\$ 171,188</u>	<u>\$ 177,061</u>	<u>\$ 176,021</u>	<u>\$ 222,797</u>	<u>\$ 259,194</u>	<u>\$ 325,629</u>
District-wide										
Net Investment in Capital Assets										
Restricted	\$ 13,067,722	\$ 13,599,898	\$ 13,910,492	\$ 14,658,327	\$ 14,792,879	\$ 14,975,171	\$ 15,053,793	\$ 15,482,160	\$ 16,078,543	\$ 16,659,486
Unrestricted	1,251,830	934,617	590,342	399,811	717,770	328,677	1,158,282	2,091,983	1,450,132	1,479,824
Total district net position	<u>(677,686)</u>	<u>(434,298)</u>	<u>(628,057)</u>	<u>(1,059,321)</u>	<u>(1,152,208)</u>	<u>(1,188,897)</u>	<u>(1,738,026)</u>	<u>(1,542,883)</u>	<u>(1,269,416)</u>	<u>(3,730,033)</u>
	<u>\$ 13,641,866</u>	<u>\$ 14,100,217</u>	<u>\$ 13,872,777</u>	<u>\$ 13,998,817</u>	<u>\$ 14,358,441</u>	<u>\$ 14,114,951</u>	<u>\$ 14,474,049</u>	<u>\$ 16,031,260</u>	<u>\$ 16,259,259</u>	<u>\$ 14,409,277</u>

Source: CAFR Schedule A-1

Palisades Park Board of Education
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities										
Instruction										
Regular	\$ 7,913,442	\$ 8,149,147	\$ 8,927,524	\$ 9,006,133	\$ 9,667,485	\$ 10,920,716	\$ 10,684,872	\$ 10,341,592	\$ 10,965,082	\$ 10,861,600
Special education	1,337,648	1,307,026	1,492,617	1,450,922	1,885,490	1,654,498	1,868,859	2,054,862	2,349,262	2,271,235
Other special education	660,917	729,410	728,079	772,078	965,848	1,164,576	1,151,586	1,057,891	1,130,595	987,733
Other instruction	402,534	455,218	463,660	506,913	507,996	494,334	428,209	373,956	463,745	435,634
Support Services:										
Tuition	1,307,686	1,720,517	1,310,242	1,992,515	1,448,076	1,205,163	1,115,096	1,005,019	1,125,426	1,083,590
Student & instruction related services	1,429,322	1,193,639	1,660,142	1,938,727	2,045,320	2,284,324	1,993,473	1,687,292	1,911,931	2,131,185
School administrative services	953,796	977,885	982,470	1,163,737	1,204,795	1,201,204	1,153,278	1,190,789	1,292,560	1,241,805
General administrative services	654,180	723,899	793,932	695,312	752,281	835,720	601,294	544,426	620,596	707,186
Central Services	317,431	294,401	337,486	322,929	368,210	387,439	459,071	421,032	424,693	390,943
Plant operations and maintenance	1,589,268	1,675,920	1,808,035	1,727,801	1,922,907	1,774,299	1,746,031	1,776,438	1,878,796	1,744,208
Pupil transportation	521,546	486,130	442,928	565,985	369,724	286,031	394,176	352,095	305,943	305,563
Administration of Information Technology	60,030									
Unallocated Benefits	1,014,777	1,345,116	2,043,981	2,196,636	1,473,091	1,717,144	2,033,987	1,566,083	2,179,899	4,558,274
Charter Schools		16,610	17,305	18,644	24,441	3,404			28,679	50,333
Interest on long-term debt	320,210	292,352	266,767	206,478	175,293	118,314	147,782	147,657	74,445	37,860
Unallocated depreciation	156,086	152,215	310,681	292,619	230,793	273,438	227,607	230,796	246,553	277,747
Capital Outlay - nondepreciable	44,832	112,703	152,047		3,729	106,710	50,237	19,507	18,094	15,455
Total governmental activities expenses	18,683,705	19,630,188	21,737,896	22,857,429	23,045,479	24,427,314	24,055,558	22,769,435	25,016,299	27,100,371
Business-type activities:										
Food service	494,031	486,430	522,038	558,377	585,342	631,152	643,513	676,450	685,672	696,434
After School Child Care	79,346	71,187	93,035	85,937	93,243	93,978	91,453	82,784	84,307	82,508
Total business-type activities expense	573,377	557,617	615,073	644,314	678,585	725,130	734,966	759,234	769,979	778,942
Total district expenses	\$ 19,257,082	\$ 20,187,805	\$ 22,352,969	\$ 23,501,743	\$ 23,724,064	\$ 25,152,444	\$ 24,790,524	\$ 23,528,669	\$ 25,786,278	\$ 27,879,313
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)										
Pupil transportation										
Business and other support services										
Operating grants and contributions	1,008,208	1,067,497	949,892	1,165,385	1,030,317	1,524,653	1,269,808	917,517	932,275	975,368
Capital grants and contributions										
Total governmental activities program revenues	1,008,208	1,067,497	949,892	1,165,385	1,030,317	1,524,653	1,269,808	917,517	932,275	975,368

Palisades Park Board of Education
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for services:										
Food service	357,962	355,272	367,836	367,273	359,548	350,902	354,310	367,758	328,595	341,732
Child care	86,893	67,969	88,839	104,134	100,725	92,452	99,095	107,554	113,264	135,641
Operating grants and contributions	159,236	165,954	175,092	198,419	210,633	287,581	300,134	330,682	364,346	367,996
Capital grants and contributions	604,091	589,195	631,767	669,826	670,906	730,935	753,539	805,994	806,205	845,369
Total business-type activities program revenues	\$ 1,612,299	\$ 1,656,692	\$ 1,581,659	\$ 1,835,211	\$ 1,701,223	\$ 2,255,588	\$ 2,023,347	\$ 1,723,511	\$ 1,738,480	\$ 1,820,737
Total district program revenues										
Net (Expense)/Revenue										
Governmental activities	\$ (17,675,497)	\$ (18,562,691)	\$ (20,788,004)	\$ (21,692,044)	\$ (22,015,162)	\$ (22,902,661)	\$ (22,785,750)	\$ (21,851,918)	\$ (24,084,024)	\$ (26,125,003)
Business-type activities	30,714	31,578	16,694	25,512	(7,679)	5,805	18,573	46,760	36,226	66,427
Total district-wide net expense	\$ (17,644,783)	\$ (18,531,113)	\$ (20,771,310)	\$ (21,666,532)	\$ (22,022,841)	\$ (22,896,856)	\$ (22,767,177)	\$ (21,805,158)	\$ (24,047,798)	\$ (26,058,576)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 14,488,338	\$ 15,320,439	\$ 16,269,671	\$ 17,313,456	\$ 17,922,116	\$ 18,372,404	\$ 19,330,621	\$ 19,330,621	\$ 19,330,621	\$ 19,533,309
Taxes levied for debt service	529,088	533,630	551,878	578,101	549,366	449,078	451,048	557,377	557,377	752,448
Unrestricted grants and contributions	2,797,947	2,979,420	3,661,987	3,804,281	3,793,030	3,713,201	3,226,076	3,521,810	4,245,345	3,836,595
Investment earnings	-	-	97,693	34,656	14,053	3,903	1,885	1,093	1,513	1,158
Miscellaneous income	3,913,118	124,899	194,616	61,915	103,763	114,712	136,258	102,082	140,770	85,076
Cost of Asset Disposal	(728,400)									
State Aid - State Facilities Grant	1,343,959									
Refund of Debt - Refinancing Credit	46,646		57,931					(59,000)		
Additional Debt Issued via Refinancing								(91,630)		
Tax Levy Receivable Cancelled										
Transfers			150,000							
Refund of reserve			(290,000)							
Total governmental activities	\$ 22,390,696	\$ 18,958,388	\$ 20,693,776	\$ 21,792,409	\$ 22,382,328	\$ 22,653,298	\$ 23,143,888	\$ 23,362,353	\$ 24,273,626	\$ 24,208,586
Business-type activities:										
Investment earnings	422	447	144	113	138	68	19	16	171	8
Transfers			(150,000)							
Total business-type activities	\$ 422	\$ 447	\$ (149,856)	\$ 113	\$ 138	\$ 68	\$ 19	\$ 16	\$ 171	\$ 8
Total district-wide	\$ 22,391,118	\$ 18,958,835	\$ 20,543,920	\$ 21,792,522	\$ 22,382,466	\$ 22,653,366	\$ 23,143,907	\$ 23,362,369	\$ 24,273,797	\$ 24,208,594
Change in Net Position										
Governmental activities	\$ 4,715,199	\$ 395,697	\$ (94,228)	\$ 100,365	\$ 367,166	\$ (249,363)	\$ 360,138	\$ 1,510,435	\$ 191,602	\$ (1,916,417)
Business-type activities	31,136	32,025	(133,162)	25,625	(7,541)	5,873	18,592	46,776	36,397	66,435
Total district	\$ 4,746,335	\$ 427,722	\$ (227,390)	\$ 125,990	\$ 359,625	\$ (243,490)	\$ 378,730	\$ 1,557,211	\$ 227,999	\$ (1,849,982)

Source: CAFR Schedule A-2

Palisades Park Board of Education
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 635,124	\$ 644,617	\$ 578,962	\$ 257,025	\$ 201,938	\$ 313,192				
Unreserved	863,164	938,889	885,809	566,241	872,420	566,523				
Restricted							667,812	1,224,442	1,198,030	1,161,610
Committed							562,895	757,639	390,417	343,310
Assigned							456,678	359,674	333,938	274,289
Unassigned										
Total general fund	\$ 1,498,288	\$ 1,583,506	\$ 1,464,771	\$ 823,266	\$ 1,074,358	\$ 879,715	\$ 1,687,385	\$ 2,524,081	\$ 1,922,385	\$ 1,779,209
All Other Governmental Funds										
Reserved	\$ 290,000	\$ 290,000								
Unreserved, reported in:										
Special revenue fund				(9,075)						
Capital projects fund	326,706	117,349	50,047	16,810	16,810	16,810				
Debt service fund	23,611	(8,964)	11,430	125,976	113,221	(1,325)				
Assigned, reported in:										
Capital projects fund							40,795	40,795	40,795	40,795
Debt service fund							(113,220)	(113,219)	(179,110)	(65,891)
Total all other governmental funds	\$ 640,317	\$ 398,385	\$ 61,477	\$ 133,711	\$ 130,031	\$ 15,485	\$ (72,425)	\$ (72,424)	\$ (138,315)	\$ (25,096)

Source: CAFR Schedule B-1

-90-

Palisades Park Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other financing sources (uses)										
Capital leases (non-budgeted)	-	-	-	-	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-	-	-	-	-
Proceeds of refunding debt	-	-	-	-	-	-	-	-	-	-
Payment of Unfunded Pension Liability	-	-	-	-	-	-	-	-	-	-
Par amount of bonds	-	-	-	-	-	-	-	-	-	-
Original issue premium	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Deposit to escrow fund	-	-	-	-	-	-	-	-	-	-
Costs of issuance	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Cancellation of tax levy receivable	-	-	-	-	-	-	-	(91,630)	-	-
Transfers in	4,052	18,637	194,005	34,656	-	-	55,137	-	254,590	383,630
Transfers out	-	(151,235)	(334,005)	-	-	-	(55,137)	-	(254,590)	(383,630)
Total other financing sources (uses)	4,052	(132,598)	(140,000)	34,656	-	-	-	(91,630)	-	-
Net change in fund balances	\$ (39,265)	\$ 52,643	\$ (455,643)	\$ (536,034)	\$ 247,413	\$ (309,189)	\$ 719,760	\$ 836,697	\$ (667,587)	\$ (29,957)
Debt service as a percentage of noncapital expenditures	2.9%	3.0%	2.7%	2.0%	2.4%	2.3%	2.4%	2.4%	2.5%	2.6%

NOTE: Capital Projects Fund is not included as these expenditures vary substantially from year to year. The financial data presented would not be as meaningful for comparative purposes if these were included.
Source: CAFR Schedule B-2

Exhibit J-5

Palisades Park Board of Education
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Tuition Revenue	Rent	Refunds	Fines	Insurance Reimbursements	Interest on Investments	Misc.	Total
2005	-	-	-	-	-	39,515	29,551	69,066
2006	-	-	4,700	599	8,750	37,905	4,308	56,262
2007	27,030	-	132,183	-	5,662	58,634	24,795	248,304
2008	12,000	-	-	-	-	34,656	49,915	96,571
2009	-	-	-	1,899	-	14,053	101,864	117,816
2010	-	-	67,184	1,190	16,017	3,903	30,321	118,615
2011	-	66,750	14,438	-	19,739	1,885	120,465	223,277
2012	-	69,750	24,135	2,743	-	5,454	-	102,082
2013	-	28,250	66,347	1,359	-	34	44,780	140,770
2014	-	50,300	31,887	343	-	950	1,596	85,076

Source: District Records

Palisades Park Board of Education
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Year Ended Dec. 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)	% of Net Assessed to Estimated Full Cash Valuations
2005	12,998,900	741,428,900	-	-	107,939,500	50,405,200	69,793,000	982,565,500	66,832,100	399,292	916,132,692	1.613	1,938,481,197	46.78%
2006	17,677,700	801,833,900	-	-	106,102,150	49,883,200	69,396,800	1,044,893,750	66,283,700	332,336	978,942,386	1.609	2,235,399,181	43.79%
2007	15,457,200	868,270,100	-	-	107,751,650	51,577,700	69,049,600	1,112,106,250	66,736,100	322,771	1,045,692,921	1.608	2,588,701,699	40.39%
2008 (1)	22,059,200	1,932,932,700	-	-	304,180,100	96,438,300	183,032,000	2,538,642,300	136,772,100	745,639	2,402,615,839	0.727	2,667,106,630	90.08%
2009	21,408,800	1,951,482,900	-	-	309,748,700	92,777,100	175,104,500	2,550,522,000	137,275,200	869,685	2,414,116,485	0.738	2,690,187,471	89.74%
2010	19,359,800	1,676,705,200	-	-	311,311,600	91,504,100	191,437,400	2,290,318,100	137,833,500	650,098	2,153,134,698	0.863	2,752,790,800	78.22%
2011	19,359,800	1,676,705,200	-	-	311,311,600	91,504,100	191,437,400	2,290,318,100	137,833,500	594,450	2,153,079,050	0.868	2,515,552,209	85.59%
2012	18,322,300	1,691,121,500	-	-	304,918,200	89,961,100	188,178,900	2,292,502,000	139,130,200	800,355	2,154,172,155	0.868	2,411,408,481	89.33%
2013	16,176,700	1,714,414,800	-	-	299,296,600	88,895,500	183,279,200	2,302,062,800	139,130,200	768,264	2,163,700,864	0.881	2,676,189,031	80.85%
2014	11,110,300	1,747,064,600	-	-	303,428,798	87,836,600	163,105,100	2,312,545,398	138,685,400	659,782	2,174,519,780	0.894	2,430,292,418	88.75%

Source: Municipal Tax Assessor

(1) - Revaluation

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies^b Tax rates are per \$100

Exhibit J-7

**Palisades Park Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**
(rate per \$100 of assessed value)

Year Ended Dec. 31,	Palisades Park Board of Education		Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation	Borough of Palisades Park	Bergen County	
		Debt Service ^b			
2005	1.613	0.000	0.955	0.342	2.910
2006	1.609	0.000	0.990	0.361	2.960
2007	1.608	0.000	1.035	0.377	3.020
2008*	0.705	0.022	0.497	0.190	1.414
2009	0.720	0.018	0.504	0.201	1.443
2010	0.842	0.021	0.599	0.236	1.698
2011	0.840	0.028	0.607	0.228	1.703
2012	0.840	0.028	0.626	0.228	1.722
2013	0.853	0.028	0.637	0.266	1.784
2014	0.861	0.033	0.634	0.249	1.777

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

* Revaluation

Exhibit J-8

Palisades Park Board of Education
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Leems Inc.	\$ 16,062,600	1	0.74%			
BSJ Realty LLC	13,814,800	2	0.64%	\$ 9,531,900	1	0.97%
Marino Enterprises	12,250,000	3	0.56%	7,309,900	2	0.74%
Ruby Realty Co.	10,353,300	4	0.48%	5,012,100	3	0.51%
Pine Tree Enterprise LLC	7,200,000	5	0.33%	3,264,500	4	0.33%
Star Ridge Management Corp	7,651,600	6	0.35%	3,251,000	5	0.33%
Blvd East Assoc LTD	7,400,000	7	0.34%	2,500,000	6	0.25%
Dream USA Unlimited Corp	7,363,200	8	0.34%	2,458,200	7	0.25%
Bonanno Real Estate Group	6,400,000	9	0.29%	2,350,000	8	0.24%
TYCR LLC	5,000,000	10	0.23%	2,084,800	9	0.21%
Leems Associates				2,040,000	10	0.21%
Marino Enterprises						
Ruby Realty Co.						
Dreams USA						
Dreams USA						
Weber Realty						
J&M Builders						
Star Ridge Management Co.						
TYCR, LLC						
CEK Management Co.						
1 W. Palisades Blvd						
Total	\$ 93,495,500		4.30%	\$ 39,802,400		4.05%

\$ 982,565,500

Net Assessed Valuation: \$ 2,174,519,780

Source: Municipal Tax Assessor.

Exhibit J-9

**Palisades Park Board of Education
Property Tax Levies and Collections
Last Ten Fiscal Years**

Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	\$15,017,426	15,017,426	100.00%	\$ -
2006	\$15,854,069	15,635,748	98.62%	\$ 218,321
2007	\$16,821,549	16,821,549	100.00%	\$ -
2008	\$17,891,557	\$17,799,927	99.49%	\$ 91,630
2009	\$18,471,482	\$18,471,482	100.00%	\$ -
2010	\$18,821,482	\$18,821,482	100.00%	\$ -
2011	\$19,781,669	\$19,781,669	100.00%	\$ -
2012	\$19,887,998	\$19,887,998	100.00%	\$ -
2013	\$19,887,998	\$19,887,998	100.00%	\$ -
2014	\$20,285,757	\$20,285,757	100.00%	\$ -

Source: Municipal Tax Collector

Palisades Park Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	
	Bonds Payable ^b		Certificates of Participation		Capital Leases	Total District	Income ^a	Per Capita ^a
	Payable	Loans Payable						
2005	1,236,000	451,334	3,555,000		-	5,242,334	0.50%	\$ 92
2006	1,189,000	407,346	3,355,000		-	4,951,346	0.42%	\$ 79
2007	1,139,000	361,981		3,087,069	-	4,588,050	0.36%	\$ 68
2008	1,086,000	315,185		2,882,235	-	4,283,420	0.33%	\$ 63
2009	1,030,000	266,871		2,606,250	-	3,903,121	0.32%	\$ 62
2010	970,000	217,016		2,317,754	-	3,504,770	0.27%	\$ 54
2011	907,000	165,501		2,017,107	-	3,089,608	0.24%	\$ 47
2012	899,000	112,246		1,709,647	-	2,720,893	0.20%	\$ 39
2013	810,000	57,110		1,311,564	-	2,178,674	Not Available	Not Available
2014	717,000	-		884,347	-	1,601,347	Not Available	Not Available

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan (ERIP) refunding

Exhibit J-11

Palisades Park Board of Education
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	1,687,334	-	1,687,334	0.19%	\$ 56,706
2006	1,596,346	-	1,596,346	0.17%	\$ 62,714
2007	1,500,982	-	1,500,982	0.15%	\$ 67,394
2008	1,401,185	-	1,401,185	0.13%	\$ 68,227
2009	1,296,871	-	1,296,871	0.05%	\$ 63,198
2010	1,187,017	-	1,187,017	0.05%	\$ 65,486
2011	1,072,501	-	1,072,501	0.05%	\$ 66,096
2012	1,011,246	-	1,011,246	0.05%	\$ 69,919
2013	867,110	-	867,110	0.04%	Not Available
2014	717,000	-	717,000	0.03%	Not Available

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

**Palisades Park Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2014**

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Debt Outstanding</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt of School District as of June 30, 2014			717,000
Net overlapping debt of School District:			
Borough of Palisades Park	100.000%	\$ 10,575,108	
Bergen County Utilities Authority	2.970%	\$ 6,550,642	
County of Bergen - Borough's share	1.493%	\$ 11,746,138	
Subtotal, overlapping debt			<u>\$ 28,871,888</u>
Total direct and overlapping debt			<u><u>\$ 29,588,888</u></u>

Sources: Borough of Palisades Park Town Administrator / Bergen County Treasurer's Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Palisades Park. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**Palisades Park Board of Education
Legal Debt Margin Information
Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2014

Equalized valuation basis	
2013	\$ 2,448,524,124
2012	\$ 2,655,510,251
2011	\$ 2,398,992,458
[A]	\$ 7,503,026,833
Average equalized valuation of taxable property	
[A/3]	\$ 2,501,008,944
Debt limit (4 % of average equalization value) ^a	
[B]	100,040,358
[C]	717,000
[B-C]	\$ 99,323,358

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 57,734,067	\$ 67,125,370	\$ 77,784,306	\$ 90,424,673	\$ 99,868,394	\$ 103,488,435	\$ 105,383,621	\$ 101,818,708	\$ 100,803,791	\$ 100,040,358
Total net debt applicable to limit	1,687,334	1,596,346	1,401,185	1,401,185	1,296,871	1,187,017	1,072,501	1,011,246	867,110	717,000
Legal debt margin	\$ 56,046,733	\$ 65,529,024	\$ 76,383,121	\$ 89,023,488	\$ 98,571,523	\$ 102,301,418	\$ 104,311,120	\$ 100,807,462	\$ 99,936,681	\$ 99,323,358
Total net debt applicable to the limit as a percentage of debt limit	2.92%	2.38%	1.80%	1.55%	1.30%	1.15%	1.02%	0.99%	0.86%	0.72%

Source: Abstract of Rates and District Records.

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

Exhibit J-14

**Palisades Park Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years**

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2004	18,043	\$ 982,657,866	54,462	6.00%
2005	18,538	\$ 1,051,215,828	56,706	6.00%
2006	18,884	\$ 1,184,291,176	62,714	4.50%
2007	19,125	\$ 1,288,910,250	67,394	4.00%
2008	19,266	\$ 1,314,461,382	68,227	5.20%
2009	19,421	\$ 1,227,368,358	63,198	9.20%
2010	19,647	\$ 1,286,603,442	65,486	9.50%
2011	19,752	\$ 1,305,528,192	66,096	9.30%
2012	19,936	\$ 1,393,905,184	69,919	9.50%
2013	20,288	Not Available	Not Available	6.60%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income - Bergen County - provided by NJ Dept of Labor and Workforce Development

^c Per Capita Personal Income - Bergen County - provided by NJ Dept of Labor and Workforce Development

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

Employer	2014		2005		Percentage of Total Employment
	Employees	Rank (Optional)	Percentage of Total Employment	Rank (Optional)	
THE NEW JERSEY DEPARTMENT OF LABOR AND AREA EMPLOYERS REFUSED TO RELEASE INFORMATION NEEDED TO COMPLETE THIS SCHEDULE DUE TO PRIVACY CONCERNS.	-		0.00%		0.00%

-102-

Palisades Park Board of Education
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

<u>Function/Program</u>	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction										
Regular	N/A	124	128	133	133	132	132	130	132	133
Special education	N/A	20	22	23	24	24	24	24	27	40
Other special education	N/A								10	10
Vocational	N/A									
Other instruction	N/A	4	4	4	4	4	4	4	4	4
Nonpublic school programs	N/A									
Adult/continuing education programs	N/A									
Support Services:										
Attendance	N/A	2	3	1	1	1	1	1	1	1
Student/Instr Related Services: Nurse	N/A	2	3	3	3	3	3	3	3	3
Student/Instr Related Services: Speech	N/A									
Student/Instr Related Services: Extraord	N/A	3		4	4	4	4	3	3	4
Student/Instr Related Services: Guidance	N/A	6	8	8	8	8	8	6	6	9
Student/Instr Related Services: CST	N/A		1	1	1	1	1	1	1	1
Student/Instr Related Services: Curriculum	N/A	2	3	3	2	2	2	1	1	2
Student/Instr Related Services: Media	N/A	2	3	8	8	8	8	8	8	1
General administrative services	N/A	13	13	2	2	2	2	2	2	13
School administrative services	N/A	3	3	2	2	2	2	2	2	3
Business administrative services	N/A	15	16	9	9	9	9	9	9	3
Plant operations and maintenance	N/A	4	6	19	18	18	18	18	20	20
Lunchroom/Playground Aides	N/A								3	7
Pupil transportation	N/A									
Special Schools	N/A									
Food Service	N/A									
Child Care	N/A									
Total	-	200	214	218	217	216	216	210	230	251

Source: District Personnel Records

NOTE: GASB requires that ten year of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2007 only two year(s) of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

Palisades Park Board of Education
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Pupil/Teacher Ratio										
	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Elementary	Middle School	High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	1,449	18,230,968	12,582	17.97%	142	1	10:1	1,440	1,372	-3.29%	95.28%
2006	1,440	19,030,532	13,216	5.04%	148			1,379	1,324	-4.21%	95.98%
2007	1,426	19,273,366	13,516	2.27%	154			1,432	1,360	3.81%	94.97%
2008	1,459	22,224,684	15,233	12.70%	160			1,440	1,367	0.56%	94.93%
2009	1,421	22,502,508	15,836	3.96%	161			1,419	1,344	-1.46%	94.71%
2010	1,499	23,753,763	15,846	0.07%	160			1,494	1,408	5.29%	94.24%
2011	1,565	23,059,964	14,735	-7.01%	161			1,536	1,449	2.81%	94.34%
2012	1,596	22,567,389	14,140	-4.04%	158			1,580	1,512	2.86%	95.70%
2013	1,588	24,786,749	15,609	10.39%	163			1,578	1,511	-0.13%	95.75%
2014	1,640	24,167,988	14,737	-5.59%	187			1,616	1,546	2.41%	95.67%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count for all students attending school facilities.

- a Operating expenditures equal total general fund and special revenue fund expenditures less debt service and capital outlay, Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**Palisades Park Board of Education
School Building Information
Last Ten Fiscal Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>District Buildings</u>										
<u>Elementary</u>										
Lindbergh School										
Square Feet	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584	71,584
Capacity: FES (students)	621	621	621	621	621	621	621	621	621	621
Enrollment	830	819	866	681	523	669	669	669	669	669
<u>High School</u>										
Palisades Park High School										
Square Feet	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626	106,626
Capacity: FES (students)	493	493	493	493	493	493	493	493	493	493
Enrollment	619	621	519	519	639	556	556	556	556	556
<u>Early Childhood Center</u>										
Charles Smith Early Childhood Center										
Square Feet		20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600	20,600
Capacity: FES (students)		360	360	360	360	360	360	360	360	360
Enrollment		239	259	259	259	274	274	274	274	274
<u>Other</u>										
Administration Building										
Square Feet	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500

Number of Schools at June 30, 2014

Elementary = 1

High School = 1

Early Childhood Center = 1

Other = 1

Source: District records, ASSA

Note: Enrollment is based on students' enrolled within the District -- out of district students have not been included

Palisades Park Board of Education
 General Fund
 Schedule of Required Maintenance for School Facilities
 Last Ten Fiscal Years
 Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-XXX

School Facilities	Project # (s)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Palisades Park High School	N/A	58,046	53,700	48,165	16,803	25,560	26,376	32,667	32,492	63,486	57,920
Lindergh School	N/A	19,901	51,932	26,544	11,202	17,040	17,584	18,301	18,301	42,324	38,614
Early Childhood Center	N/A	9,004	33,819	2,920	3,111	4,733	4,884	5,892	5,892		
Grand Total		86,951	139,451	77,629	31,116	47,333	48,844	56,860	56,685	105,810	96,534

**Palisades Park Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2014
Unaudited**

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund			
	Multi - Peril Policy:		
	Property - Blanket Building and Contents	42,256,047	1,000
	Comprehensive General Liability	5,000,000	1,000
	Employee Benefits Liability	5,000,000	1,000
	Automobile Liability	5,000,000	1,000
	Comprehensive Crime Coverage	400,000	1,000
	School Leaders		
	Liability & Employment Practices Liability	5,000,000	
	Crime Coverage		
	Employee Dishonesty w/faithful performance		
	Each Person	100,000	1,000
	Each Loss	400,000	1,000
	Forgery & Alteration	50,000	1,000
	Money & Securities (Inside and Out)	2,500,000	1,000
	Computer Fraud	50,000	1,000
	Boiler & Machinery		
	Property Damage	100,000,000	1,000
	Accidental Death & Dismemberment		
	Principal Sum	100,000	
	Aggregate	500,000	
	Environmental Impairment Liability		
	Occurrence	1,000,000	
	All Claims, Remediation Costs, or Legal		
	Defense Expense Limit	25,000,000	
	SIR-per Pollution Condition	10,000	
	Flood & Earthquake	25,000,000	25,000
	Excess Liability	5,000,000	
	Excess Liability (CAP)	50,000,000	

Source: District Records

SINGLE AUDIT SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

K-1
Page 1 of 2

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable President and
Members of the Board of Education
Borough of Palisades Park School District
County of Bergen, New Jersey
Palisades Park, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Palisades Park School District, in the County of Bergen, New Jersey, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 24, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Borough of Palisades Park Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Palisades Park Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Palisades Park Board of Education's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain deficiencies in internal control, as described in the accompanying schedule of findings and questioned costs as item 2014-1 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Palisades Park Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

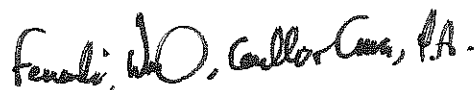
We noted certain matters that were required to be reported to the Board of Education of the Borough of Palisades Park School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated October 24, 2014.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Steven D. Wielkotz
Licensed Public School Accountant
No. CS00816



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 24, 2014



Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

K-2
Page 1 of 3

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04

The Honorable President and
Members of the Board of Education
Borough of Palisades Park School District
County of Bergen, New Jersey
Palisades Park, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Borough of Palisades Park School District in the County of Bergen, New Jersey, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Palisades Park Board of Education's major federal and state programs for the year ended June 30, 2014. The Borough of Palisades Park Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Palisades Park Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and N.J. OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct



and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Palisades Park Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Borough of Palisades Park Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Palisades Park Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Borough of Palisades Park Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Palisades Park Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and N.J. OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Borough of Palisades Park Board of Education's internal control over compliance.

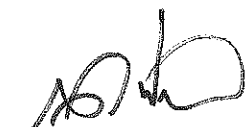
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-2 and 2014-3.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and N.J. OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133

We have audited the financial statements of the Borough of Palisades Park Board of Education as of and for the year ended June 30, 2014, and have issued our report there dated October 24, 2014 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and N.J. OMB Circular 04-04 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.



Steven D. Wielkotz
Licensed Public School Accountant
No. CS00816



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

October 24, 2014



BOROUGH OF PALISADES PARK SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year ended June 30, 2014

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2013	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Prior year A/P and Encumbrances Cancelled	Adjustment to General Fund	Balance at June 30, 2014		MEMO Cumulative Total Expenditures	
				From	To							(Accounts Receivable)	Deferred Revenue/ Interfund Payable		Due to Grantor at
US Department of Education															
Passed Through State Dept of Education:															
Special Revenue Fund															
Title I, Part A - Improving Basic Programs	84.010A	NCLB391014	362,484	7/1/13	6/30/14	\$		269,702	324,687	6,349		(48,636)		*	324,687
Title I, Part A - Improving Basic Programs	84.010A	NCLB391013	266,962	9/1/12	8/31/13	2,585							2,585	*	266,962
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	NCLB391014	65,065	7/1/13	6/30/14			38,051	65,065	661		(26,353)		*	65,065
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	NCLB391013	65,184	9/1/12	8/31/13	5,152							5,152	*	65,184
Title III, English Language Acquisition and Language Enhancement	84.365A	NCLB391013	55,361	7/1/13	6/30/14			41,465	55,361	2,347		(11,549)		*	55,361
Title III, English Language Acquisition and Language Enhancement	84.365A	NCLB391013	58,242	9/1/12	8/31/13	1,639							1,639	*	58,242
Title III, Immigrant Implementing New Curricular Learning with Universally Designed Experiences	84.365	NCLB391014	20,604	7/1/13	6/30/14			15,277	20,604			(5,327)		*	20,604
IDEA, Part B-Basic	84.318X	08000211	235,000	9/1/10	8/31/11	23,117							23,117	*	156,741
IDEA, Part B-Basic	84.027	IDEA391014	349,875	7/1/13	6/30/14		1,307	286,014	335,683			(48,584)		*	335,683
IDEA, Part B-Basic	84.027	IDEA391013	350,389	9/1/12	8/31/13	1,307	(1,307)						222	*	350,389
IDEA, Part B-Preschool	84.173	IDEA391014	8,493	7/1/13	6/30/14			4,184	8,493			(4,309)		*	8,493
ARRA - IDEA, Part B-Basic	84.391	ARRA391010	383,707	9/1/09	8/31/11	499							499	*	383,208
Funds for the Improvement of Education	84.125K		150,000	9/1/10	8/31/11	926							926	*	88,088
Total Special Revenue Fund						35,225		654,693	809,893	9,357		(144,758)	34,140	*	1,854,020
US Department of Agriculture															
Passed Through State Dept of Education:															
Enterprise Fund															
Food Distribution Program (formally USDA Commodities Program)	10.550		39,916	7/1/13	6/30/14			39,916	39,916					*	39,916
National School Breakfast Program	10.553		37,520	7/1/13	6/30/14			31,018	37,520			(6,502)		*	37,520
National School Breakfast Program	10.553		29,417	7/1/12	6/30/13	(1,906)		1,906						*	29,417
National School Lunch Program	10.555		281,750	7/1/13	6/30/14			225,263	281,750			(56,487)		*	281,750
National School Lunch Program	10.555		284,563	7/1/12	6/30/13	(16,192)		16,192						*	284,563
Total Enterprise Fund						(18,098)		314,295	359,186			(62,989)		*	673,166
Total Federal Financial Assistance						\$ 17,127		968,988	1,169,079	9,357		(207,747)	34,140	*	2,527,186

See accompanying notes to the Schedules of Expenditures of Federal and State Awards.

BOROUGH OF PALISADES PARK SCHOOL DISTRICT

Schedule of Expenditures of State Financial Awards

Year ended June 30, 2014

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2013		Carryover/ (Walkover) Amount	Repayment Prior Yrs. Balances	Balance at June 30, 2014		Memo	
			From	To	Deferred Revenue	Due to Grantor			(Accounts Receivable)	Due to Grantor at	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:												
General Fund												
Equalization Aid	14-495-034-5120-078	\$ 725,995	7/1/2013	6/30/2014	\$			725,995			61,924	725,995
Special Education Categorical Aid	14-495-034-5120-089	941,377	7/1/2013	6/30/2014				941,377			80,295	941,377
Transportation Aid	14-495-034-5120-014	14,322	7/1/2013	6/30/2014				14,322			1,222	14,322
Security Aid	14-495-034-5120-084	61,651	7/1/2013	6/30/2014				61,651			5,259	61,651
Adjustment Aid	14-495-034-5120-085	10,501	7/1/2013	6/30/2014				10,501			896	10,501
Under Adequacy Aid	14-495-034-5120-085	103,841	7/1/2013	6/30/2014				103,841			8,857	103,841
Additional Adjustment Aid	14-495-034-5120-085	9,220	7/1/2013	6/30/2014				9,220			786	9,220
Extraordinary Aid	14-495-034-5120-044	56,609	7/1/2013	6/30/2014				56,609	(56,609)			56,609
Extraordinary Aid	13-495-034-5120-044	102,814	7/1/2012	6/30/2013	(102,814)			102,814				102,814
On Behalf TPAP Pension - Post Retirement	14-495-034-5095-001	714,916	7/1/2013	6/30/2014				714,916				714,916
On Behalf TPAP NCGI Premium	14-495-034-5095-007	35,365	7/1/2013	6/30/2014				35,365				35,365
On Behalf TPAP Pension - Contribution	14-495-034-5095-006	400,660	7/1/2013	6/30/2014				400,660				400,660
Reimbursed TPAP Social Security Contributions	14-495-034-5095-002	771,954	7/1/2013	6/30/2014				694,715	(77,239)			771,954
Reimbursed TPAP Social Security Contributions	13-495-034-5095-002	807,827	7/1/2012	6/30/2013	(38,973)			38,973				807,827
Total General Fund					(141,787)			3,854,350	(133,848)		159,239	4,792,417
Special Revenue Fund												
NJ NonPublic Aid:												
Textbook Aid	14-100-034-5120-064	14,151	7/1/2013	6/30/2014				14,151				14,151
Nursing Services	14-100-034-5120-070	19,918	7/1/2013	6/30/2014				19,918		2		19,918
Technology Aid	14-100-034-5120-373	5,160	7/1/2013	6/30/2014				5,160				5,160
Auxiliary Services (Chapter 192):												
Compensatory Education	14-100-034-5120-067	63,343	7/1/2013	6/30/2014				63,343				63,343
Compensatory Education	13-100-034-5120-067	64,378	7/1/2012	6/30/2013		2,925						64,378
English as a Second Language	14-100-034-5120-067	20,950	7/1/2013	6/30/2014				20,950				20,950
English as a Second Language	13-100-034-5120-067	24,299	7/1/2012	6/30/2013		1,620						24,299
Handicapped Services (Chapter 193):												
Examination & Classification	14-100-034-5120-066	21,022	7/1/2013	6/30/2014				21,022		3,661		21,022
Examination & Classification	13-100-034-5120-066	21,973	7/1/2012	6/30/2013	(638)			638				21,973
Corrective Speech	14-100-034-5120-066	11,718	7/1/2013	6/30/2014				11,718		2,734		11,718
Corrective Speech	13-100-034-5120-066	23,436	7/1/2012	6/30/2013		12,577						23,436
Supplementary Inst.	14-100-034-5120-066	17,415	7/1/2013	6/30/2014				17,415		1,805		17,415
Supplementary Inst.	13-100-034-5120-066	14,709	7/1/2012	6/30/2013		1,041						14,709
Total Special Revenue Fund					(638)	18,163		174,315		8,202		296,107
Enterprise Fund												
State Department of Agriculture												
National School Lunch Program (State Share)	14-100-010-3350-023	9,381	7/1/2013	6/30/2014				6,685	(2,125)			6,685
National School Lunch Program (State Share)	13-100-010-3350-023	8,649	7/1/2012	6/30/2013	(476)			476				8,649
Total Enterprise Fund					(476)			7,161	(2,125)			7,161
Total State Financial Assistance					(142,901)	18,163		4,035,826	(135,973)	8,202	159,239	5,105,983

See accompanying notes to the Schedules of Expenditures of Federal and State Awards.

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all federal and state award programs of the Board of Education, Borough of Palisades Park School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and the special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(9,816) for the general fund and \$-0- for the special revenue fund. See Notes to Required Supplemental Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$3,836,595	\$3,836,595
Special Revenue Fund	809,893	165,475	975,368
Food Service Fund	<u>359,186</u>	<u>8,810</u>	<u>367,996</u>
Total Awards and Financial	<u>\$1,169,079</u>	<u>\$4,010,880</u>	<u>\$5,179,959</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenue and expenditures reported under the U.S.D.A. food distribution program represent current year value received and current year distributions, respectfully. TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2014. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2014.

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, the amount of \$1,150,941 of on-behalf payments is excluded from major program determination.

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

2. Material weakness(es) identified? yes X no

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? X yes

2. Material weakness(es) identified? yes X no

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? X yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553/10.555</u> (A)	<u>National School Lunch and Breakfast Program</u>

Note: (A) Tested as Major Type A Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(continued)**

Section I - Summary of Auditor's Results, (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes no

Type of auditor's report issued on compliance for major programs: unmodified

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

2. Material weakness(es) identified? yes X no

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program

14-495-034-5120-078/089/084/085 (A)

State Aid Public Cluster:
Equalization Aid, Special Education Categorical
Aid, Security Aid, Adjustment Aid, Additional
Adjustment Aid

Note: (A) Tested as Major Type A Program

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Section II – Financial Statement Findings

Finding 2014-01: Segregation of Duties – Revenue Cycle

Condition

There is a lack of segregation of duties with respect to the receipt and recording of cash.

Criteria

Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Effect

Transactions could be mishandled.

Cause

There are a limited number of personnel for certain functions.

Recommendation

The duties should be separated as much as possible and alternative controls should be used to compensate for lack of separation.

Management's Response

Management will separate the duties as practically as possible and alternative controls will be used to compensate for lack of separation.

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

FEDERAL AWARDS

Finding 2014-02:

Information on the federal program:

School Breakfast Program, CFDA # 10.553, Grant Period 7/1/13 – 6/30/14.

National School Lunch Program, CFDA # 10.555, Grant Period 7/1/13 – 6/30/14.

Criteria or specific requirement:

According to the OMB Circular A-133 Compliance Supplement, a child's eligibility for free or reduced price meals under a Child Nutrition Cluster program may be established by the submission of an annual application or statement which furnishes such information as family income and family size.

Condition:

There were instances in which controls were not in place to ensure that all those children with approved applications for free or reduced priced meals were given access to those meals as they were not denoted as being eligible in the district's registers.

Questioned costs:

Unable be determined.

Context:

Per the Federal OMB A-133 Circular Compliance Supplement, controls should be in place to provide reasonable assurance that only eligible individuals and organizations receive assistance under Federal award programs, that subawards are made only to eligible recipients, and that amounts provided to or on behalf of eligible individuals or groups of individuals were calculated in accordance with program requirements.

Effect:

By failing to ensure that individuals with verified program applications were duly noted as eligible in District's program registers it is unclear if those children were given access to free and reduced breakfasts and lunch.

Cause:

Controls were not in place to detect individuals who had submitted qualified applications for entrance into the Child Nutrition Cluster programs and not recorded on the District's register as receiving the program benefits.

Management's response:

The District has appointed a new eligibility coordinator for the School Nutrition Cluster programs who will have the appropriate training and availability to sufficiently monitor program eligibility in accordance with all required grant requirements.

**BOROUGH OF PALISADES PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

*Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs
(continued)*

FEDERAL AWARDS

Finding 2014-03:

Information on the federal program:

School Breakfast Program, CFDA # 10.553, Grant Period 7/1/13 – 6/30/14.

National School Lunch Program, CFDA # 10.555, Grant Period 7/1/13 – 6/30/14.

Criteria or specific requirement:

According to the OMB Circular A-133 Compliance Supplement, by November 15 of each school year, the District must verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals.

Condition:

The District did not perform verification over the required amount of households in accordance with Federal guidelines.

Questioned costs:

None.

Context:

Per the OMB Circular A-133 Compliance Supplement, the District must verify the lesser of 3 percent or 3,000 of the approved applications on file as of October 1, selected from error-prone applications.

Effect:

By not verifying the required amount of approved applications, the District is not in compliance with the provisions of the grant agreements.

Cause:

Compliance with the guidelines of the grant agreements requires the District to verify a sample of the approved applications.

Management's response:

The District has appointed a new eligibility coordinator for the School Nutrition Cluster programs who will have the appropriate training and availability to sufficiently verify the required amount of approved program applications.